

2013  
Interim Report  
中期報告



GREENTOWN CHINA HOLDINGS LIMITED  
绿城中國控股有限公司

(Incorporated in the Cayman Islands with limited liability) (Stock Code: 03900)  
(於開曼群島註冊成立的有限公司) (股票代碼：03900)



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## CORPORATE PROFILE



Hangzhou Sincere Garden

## CORPORATE PROFILE

**GREENTOWN CHINA HOLDINGS LIMITED IS ONE OF THE LEADING PROPERTY DEVELOPERS IN THE PEOPLE'S REPUBLIC OF CHINA. IT COMMANDS A LEADING POSITION IN THE INDUSTRY BY LEVERAGING ON ITS QUALITY PROPERTIES. FROM 2005 TO 2013, WE HAVE BEEN RANKED FOR NINE CONSECUTIVE YEARS AS ONE OF "THE TOP 10 PROPERTY ENTERPRISES IN CHINA" JOINTLY BY FOUR AUTHORITATIVE INSTITUTIONS, NAMELY ENTERPRISE RESEARCH INSTITUTE OF THE DEVELOPMENT RESEARCH CENTER OF THE STATE COUNCIL, CHINA REAL ESTATE ASSOCIATION, QINGHUA UNIVERSITY REAL ESTATE RESEARCH CENTER AND CHINA INDEX INSTITUTE.**

On 19 July 2013, China Index Academy issued the "Report of Housing Satisfaction of Urban Residents in China 2013" (《2013年中國城市居民居住滿意度調查報告》). The satisfaction survey covered 16 major cities, 122 key housing enterprises and 349 urban communities across the nation. Among the cities including Hangzhou, Beijing, Shanghai, Qingdao, Ningbo and Changsha, Greentown Group gets outstanding results and ranks first in the "General Satisfaction of Urban Residents" in six of the cities, first in "Customer Loyalty Rate" in five of the cities.

Since its establishment 19 years ago, the Group has been based in Zhejiang Province, one of the most economically vibrant provinces in the PRC. With property projects covering most of the economically prosperous cities in Zhejiang Province such as Hangzhou, Ningbo, Wenzhou, Taizhou, Shaoxing and other cities amongst the Top 100 national most competitive county-level cities in Zhejiang Province, the Group has a sizable operation scale and enjoys a wide recognition. Since the commencement of the Group's national expansion strategy in 2000, the Group has successfully set foot in other major cities located in Yangtze River Delta, including Shanghai, Nanjing, Suzhou, Wuxi, Nantong and major cities in Bohai Rim Economic Belt, including Beijing, Tianjin, Qingdao, Jinan, Dalian and other provincial cities, such as Hefei in Anhui Province, Zhengzhou in Henan Province, Changsha in Hunan Province, and Urumqi in Xinjiang, which enabled the operating results to grow continuously and established an excellent brand image in various cities. Greentown focuses on the development of superior-quality properties. Having continuously improved and enriched its product portfolio, Greentown now offers widely-received high quality housing types such as villa, flat mansion, low-rise apartment, high-rise apartment, urban complex, integrated community and commercial property.

On 8 June 2012, Wharf was introduced as a strategic shareholder of Greentown. The aggregate investment by Wharf amounted to HK\$5.1 billion (equivalent to approximately RMB4.16 billion), including the subscription of approximately 490 million placing shares and the subscription of Convertible Securities. As of 30 June 2013, Wharf (through its wholly-owned subsidiary) was interested in 24.36% of the total issued share capital of the Company.

In addition, Greentown entered into an agreement with Sunac on 22 June 2012, pursuant to which a joint venture, Shanghai Sunac Greentown Investment Holding Co., Ltd. (上海融創綠城投資控股有限公司), was established, in which 50% equity interest is held by Greentown and 50% is held by Sunac.

The establishment of strategic partnership with two powerful real estate developers from the PRC and Hong Kong clearly indicates that Greentown's products and development ability are endorsed by professionals in the property industry, and their confidence in Greentown's prospect.

On 30 June 2013, the premier land bank of the Greentown Group comprised a total GFA of over 41 million sqm, ensuring Greentown Group's sustainable and steady development in the next five years. Leveraging on its quality human resources and highly-effective corporate management structure, Greentown has established a strong presence in all cities where it operates. The Group's experience in developing numerous high-quality projects and outstanding operational capabilities have provided a strong momentum for its further expansion.

## CORPORATE INFORMATION

### Registered Office

Maples Corporate Services Limited  
PO Box 309, Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

### Share Registrar in Hong Kong

Computershare Hong Kong Investor  
Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

### Share Registrar in Cayman Islands

Royal Bank of Canada Trust Company  
(Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road,  
George Town Grand Cayman  
KY1-1110 Cayman Islands

### Auditor

Deloitte Touche Tohmatsu

### Legal Advisors

as to Hong Kong law:  
Ashurst Hong Kong

as to PRC law:  
Zhejiang T&C Law Firm

as to Cayman Islands law and  
British Virgin Islands law:  
Maples and Calder

### Company Secretary

Mr FUNG Ching, Simon

### Authorized Representatives

Mr SHOU Bainian  
Mr FUNG Ching, Simon

### Principal Bankers

The Bank of East Asia, Limited  
Standard Chartered Bank (Hong Kong)  
Limited  
Bank of China Limited  
Industrial and Commercial Bank of China  
Limited  
Agricultural Bank of China Limited  
China Construction Bank Corporation  
Bank of Communications Co., Ltd.  
Shanghai Pudong Development Bank  
Co., Ltd.  
China Everbright Bank Corporation Limited  
Guangdong Development Bank Co., Ltd.

### Hangzhou Headquarters

10/F, Block A, Century Plaza  
No. 1 Hangda Road  
Hangzhou, Zhejiang  
PRC  
(Postal code: 310007)

### Principal Place of Business in Hong Kong

Room 1406 -1408, New World Tower 1  
16 -18 Queen's Road Central  
Central, Hong Kong

### Investor Relations

Email: [ir@chinagreentown.com](mailto:ir@chinagreentown.com)  
Tel: (852) 2523 3137  
Fax: (852) 2523 6608

### Stock Code

HKEx: 03900

### Websites

[www.chinagreentown.com](http://www.chinagreentown.com)  
[www.greentownchina.com](http://www.greentownchina.com)



**CORPORATE INFORMATION**

**Board of Directors**

**Executive Directors**

Mr SONG Weiping  
*(Chairman)*  
Mr SHOU Bainian  
*(Executive Vice Chairman)*  
Mr LUO Zhaoming  
*(Vice Chairman)*  
Mr GUO Jiafeng  
Mr CAO Zhounan

**Non-Executive Directors**

Mr NG Tin Hoi, Stephen  
Mr TSUI Yiu Cheung

**Independent Non-Executive Directors**

Mr JIA Shenghua  
Mr JIANG Wei  
Mr KE Huanzhang  
Mr SZE Tsai Ping, Michael  
Mr TANG Shiding  
Mr HUI Wan Fai

**Audit Committee**

Mr SZE Tsai Ping, Michael  
*(Chairman)*  
Mr TSUI Yiu Cheung  
Mr JIA Shenghua  
Mr JIANG Wei  
Mr TANG Shiding  
Mr HUI Wan Fai

**Nomination Committee**

Mr SZE Tsai Ping, Michael  
*(Chairman)*  
Mr SHOU Bainian  
Mr TSUI Yiu Cheung  
Mr TANG Shiding  
Mr HUI Wan Fai

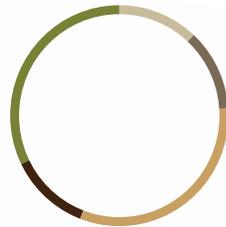
**Remuneration Committee**

Mr JIA Shenghua  
*(Chairman)*  
Mr SHOU Bainian  
Mr NG Tin Hoi, Stephen  
Mr SZE Tsai Ping, Michael



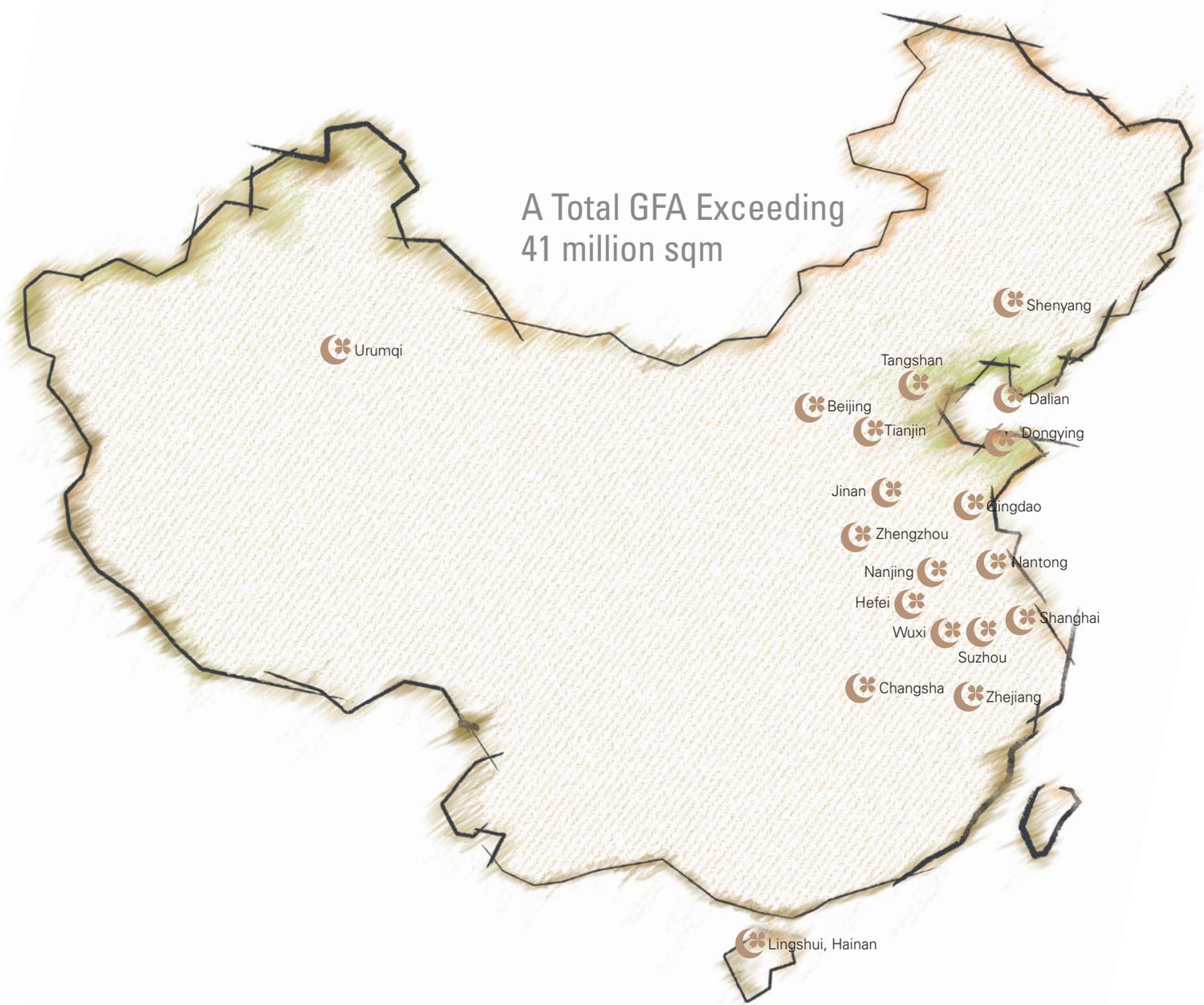
## LAND BANK INFORMATION

### GREENTOWN IN CHINA



- 32% Zhejiang (excluding Hangzhou)
- 12% Hangzhou
- 12% Other areas of The Yangtze River Delta
- 32% The Bohai Rim Regions
- 12% Others

A Total GFA Exceeding  
41 million sqm



LAND BANK INFORMATION

Zhejiang  
(excluding Hangzhou)  
**32.0%**  
Proportion to total land bank (%)  
13,232  
Total GFA ('000 sqm)

Shandong  
**19.7%**  
Proportion to total land bank (%)  
8,166  
Total GFA ('000 sqm)

Hangzhou  
**11.5%**  
Proportion to total land bank (%)  
4,739  
Total GFA ('000 sqm)

Jiangsu  
**8.6%**  
Proportion to total land bank (%)  
3,584  
Total GFA ('000 sqm)

Liaoning  
**7.5%**  
Proportion to total land bank (%)  
3,096  
Total GFA ('000 sqm)

Hainan  
**5.3%**  
Proportion to total land bank (%)  
2,187  
Total GFA ('000 sqm)

Shanghai  
**3.8%**  
Proportion to total land bank (%)  
1,560  
Total GFA ('000 sqm)

Xinjiang  
**3.2%**  
Proportion to total land bank (%)  
1,341  
Total GFA ('000 sqm)

Hebei  
**2.9%**  
Proportion to total land bank (%)  
1,195  
Total GFA ('000 sqm)

Anhui  
**1.8%**  
Proportion to total land bank (%)  
744  
Total GFA ('000 sqm)

Beijing  
**1.4%**  
Proportion to total land bank (%)  
606  
Total GFA ('000 sqm)

Hunan  
**1.1%**  
Proportion to total land bank (%)  
448  
Total GFA ('000 sqm)

Henan  
**0.7%**  
Proportion to total land bank (%)  
280  
Total GFA ('000 sqm)

Tianjin  
**0.5%**  
Proportion to total land bank (%)  
210  
Total GFA ('000 sqm)

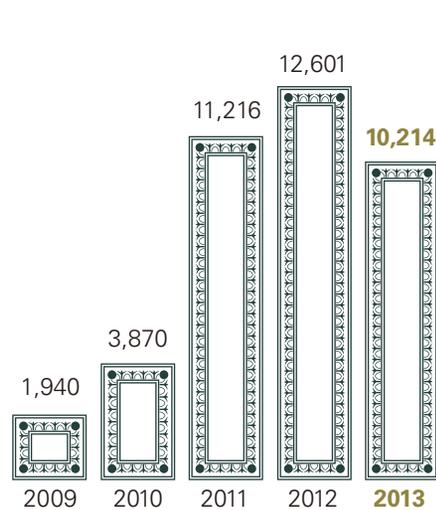
	No. of Projects	Site Area ('000 sqm)	Total GFA ('000 sqm)	% of Total
Zhejiang (excluding Hangzhou)	34	7,035	13,232	32.0%
Shandong	10	3,888	8,166	19.7%
Hangzhou	25	2,187	4,739	11.5%
Jiangsu	8	1,232	3,584	8.6%
Liaoning	3	1,234	3,096	7.5%
Hainan	1	2,304	2,187	5.3%
Shanghai	6	689	1,560	3.8%
Xinjiang	2	368	1,341	3.2%
Hebei	1	372	1,195	2.9%
Anhui	1	246	744	1.8%
Beijing	3	294	606	1.4%
Hunan	1	917	448	1.1%
Henan	3	381	280	0.7%
Tianjin	1	17	210	0.5%
<b>Total</b>	<b>99</b>	<b>21,165</b>	<b>41,387</b>	<b>100%</b>

Note: The figures for total GFA and saleable area are subject to adjustments due to planning changes. Relevant figures will only be finalized after project completion.

# FINANCIAL HIGHLIGHTS

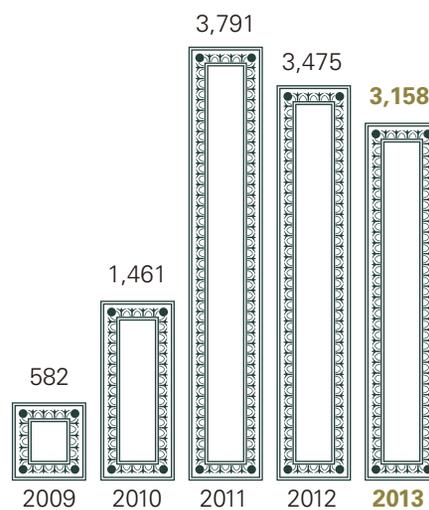
## REVENUE

For the six months ended 30 June  
(RMB million)



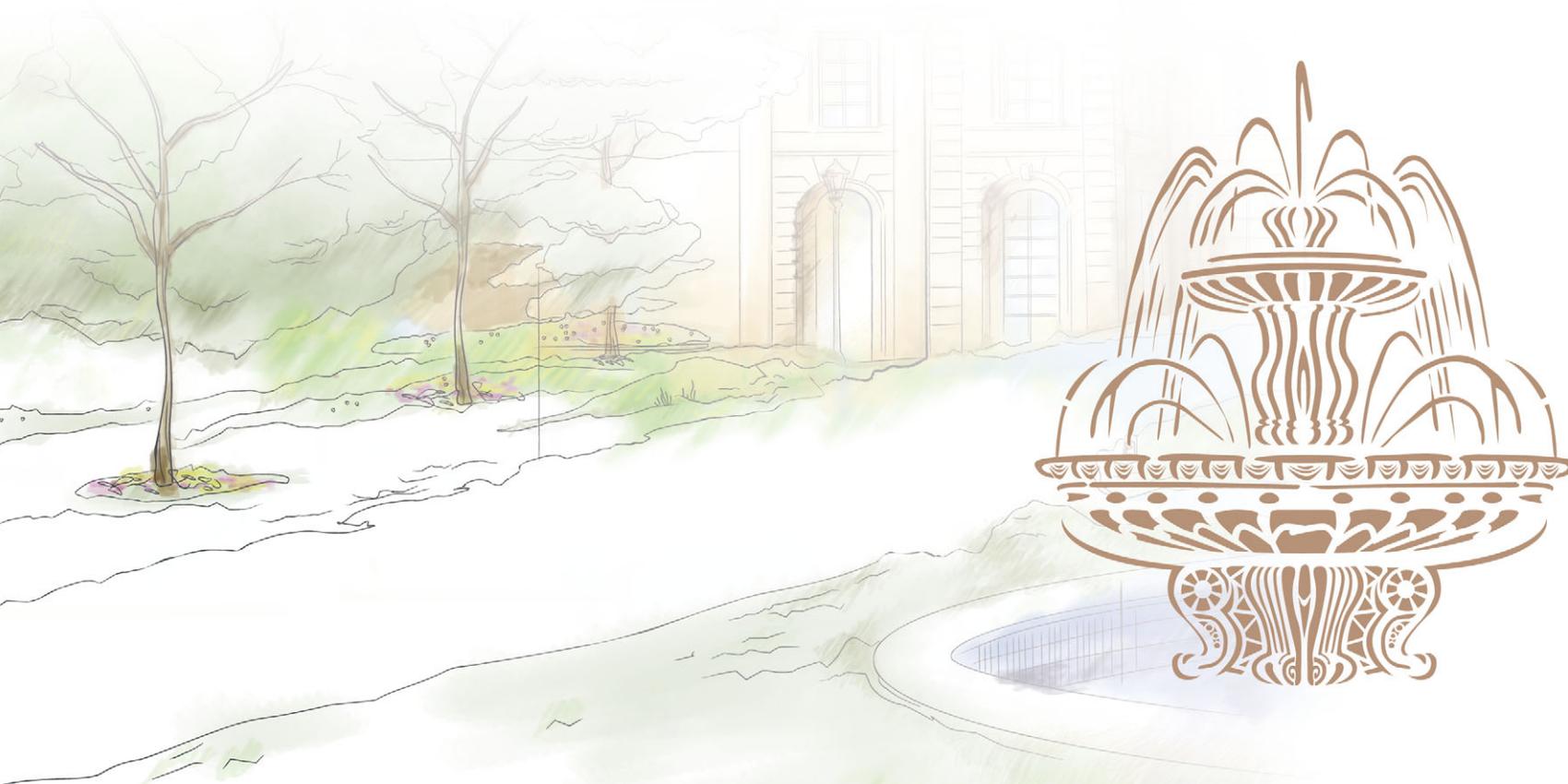
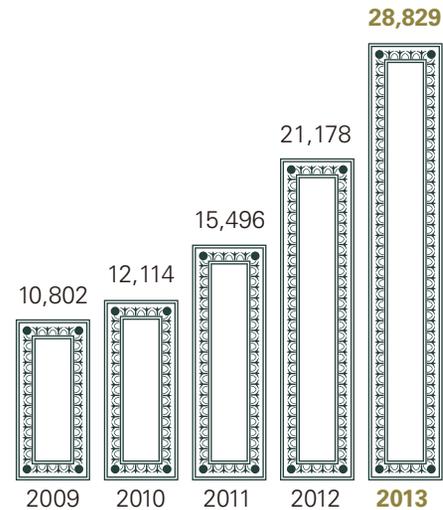
## GROSS PROFIT

For the six months ended 30 June  
(RMB million)



## TOTAL EQUITY

As at 30 June  
(RMB million)



## FINANCIAL HIGHLIGHTS

Five Years Financial Summary  
Consolidated Results

	For the six months ended 30 June				
	2009 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Revenue	1,940,468	3,870,171	11,216,159	12,600,812	<b>10,213,995</b>
Cost of sales	(1,358,175)	(2,408,707)	(7,424,921)	(9,125,366)	<b>(7,055,929)</b>
Gross profit	582,293	1,461,464	3,791,238	3,475,446	<b>3,158,066</b>
Other gains and income	428,039	154,188	437,586	1,062,855	<b>1,081,497</b>
Expenses	(716,251)	(1,016,315)	(1,201,542)	(1,116,644)	<b>(1,304,815)</b>
Share of results of joint ventures and associates	174,724	144,050	15,673	258,467	<b>685,119</b>
Profit before taxation	468,805	743,387	3,042,955	3,680,124	<b>3,619,867</b>
Taxation	(114,409)	(382,754)	(1,266,456)	(1,419,880)	<b>(1,163,931)</b>
Profit for the period	354,396	360,633	1,776,499	2,260,244	<b>2,455,936</b>
Attributable to:					
Owners of the Company	323,176	331,713	891,770	1,811,498	<b>1,854,924</b>
Non-controlling interests	31,220	28,920	884,729	448,746	<b>601,012</b>
	354,396	360,633	1,776,499	2,260,244	<b>2,455,936</b>

## Consolidated Assets and Liabilities

	As at 30 June				
	2009 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Non-current assets	4,030,388	6,457,612	11,448,607	12,528,182	<b>16,974,717</b>
Current assets	48,248,415	92,440,792	114,614,447	114,086,702	<b>100,604,994</b>
Current liabilities	(26,928,703)	(64,336,155)	(84,804,920)	(96,338,169)	<b>71,168,388</b>
Non-current liabilities	(14,548,441)	(22,448,553)	(25,762,600)	(9,098,994)	<b>17,582,145</b>
<b>Total equity</b>	<b>10,801,659</b>	<b>12,113,696</b>	<b>15,495,534</b>	<b>21,177,721</b>	<b>28,829,178</b>

## MANAGEMENT DISCUSSION AND ANALYSIS



Hangzhou Orchid Mansion

## MANAGEMENT DISCUSSION AND ANALYSIS

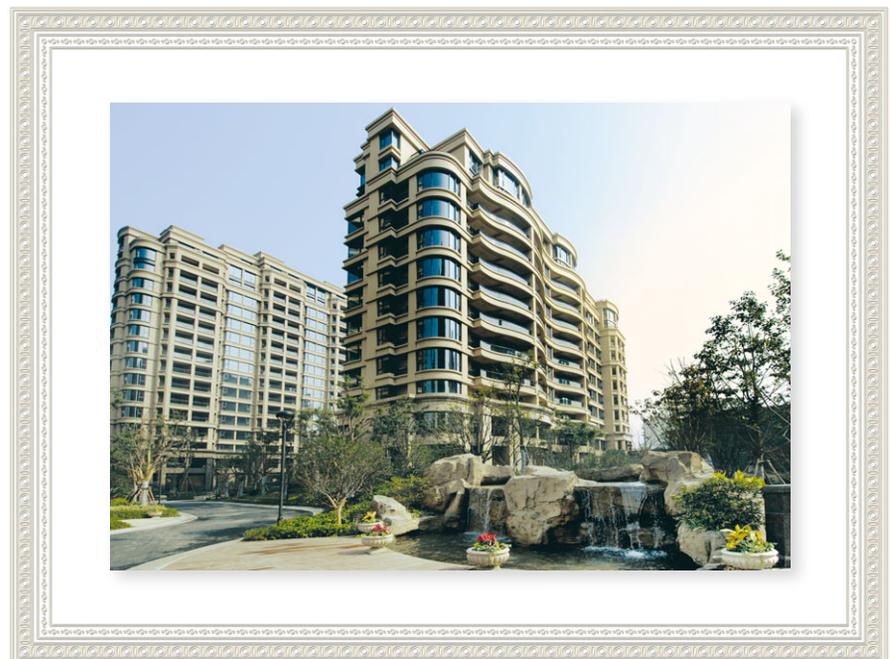
### Operational and Management Review

#### Financial Overview

For the six months ended 30 June 2013, the Group recorded a revenue of RMB10,214 million, representing a decrease of 18.9% compared to RMB12,601 million during the same period in 2012. The Group realized a net profit of RMB2,456 million, representing an increase of 8.7% compared to RMB2,260 million during the same period in 2012. The Group's net profit margin for the six months ended 30 June 2013 amounted to 24.0%, showing a significant improvement as compared to 17.9% during the same period in 2012. Profit attributable to owners of the Company amounted to RMB1,855 million, representing an increase of RMB44 million or 2.4% compared to RMB1,811 million during the same period in 2012. However, after deduction of the net gains from acquisitions and disposals, and effects from fair value adjustment of derivative instruments, the core profit attributable to owners of the Company amounted to RMB1,620 million, which represents an increase of RMB265 million or 19.6% compared to RMB1,355 million during the same period in 2012. The core profit margin attributable to owners of the Company achieved 15.9%, showing a promising improvement as compared to 10.8% during the same period in 2012. During this period, the Company achieved basic earnings per share of RMB0.82, representing a 24.8% decrease compared to RMB1.09 during the same period in 2012, primarily due to the increase in the weighted average number of ordinary shares following the placing of approximately 490 million new shares to a wholly-owned subsidiary of The Wharf (Holdings) Limited (Stock Code: 00004.HK) ("Wharf") in 2012.

#### Consecutive No.1 in Resident Satisfaction

Since 2007, China Index Research Institute has conducted the China Urban Resident Satisfaction Survey for seven consecutive years. The 2013 China Real Estate Customer Satisfaction Survey (2013年中國房地產顧客滿意度調查) conducted in 16 cities, namely Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin, Chongqing, Hangzhou, Suzhou, Nanjing, Qingdao, Ningbo, Wuhan, Shenyang, Changsha, Chengdu and Nanchang. The objective of such survey is to conduct a complete assessment on real estate consumers' satisfaction, to develop standard of service that satisfies real estate consumers, to enhance the service quality of enterprises, to improve operating efficiency of enterprises, to establish a good real estate purchase environment and to promote a greater overall level of satisfaction. Greentown was ranked no.1 in terms of resident satisfaction in several cities where it has a presence, such as Beijing, Shanghai, Hangzhou, Ningbo, Qingdao, Changsha etc, and therefore realized improvement on both products and services.



Hangzhou Lijiang Apartment

## MANAGEMENT DISCUSSION AND ANALYSIS

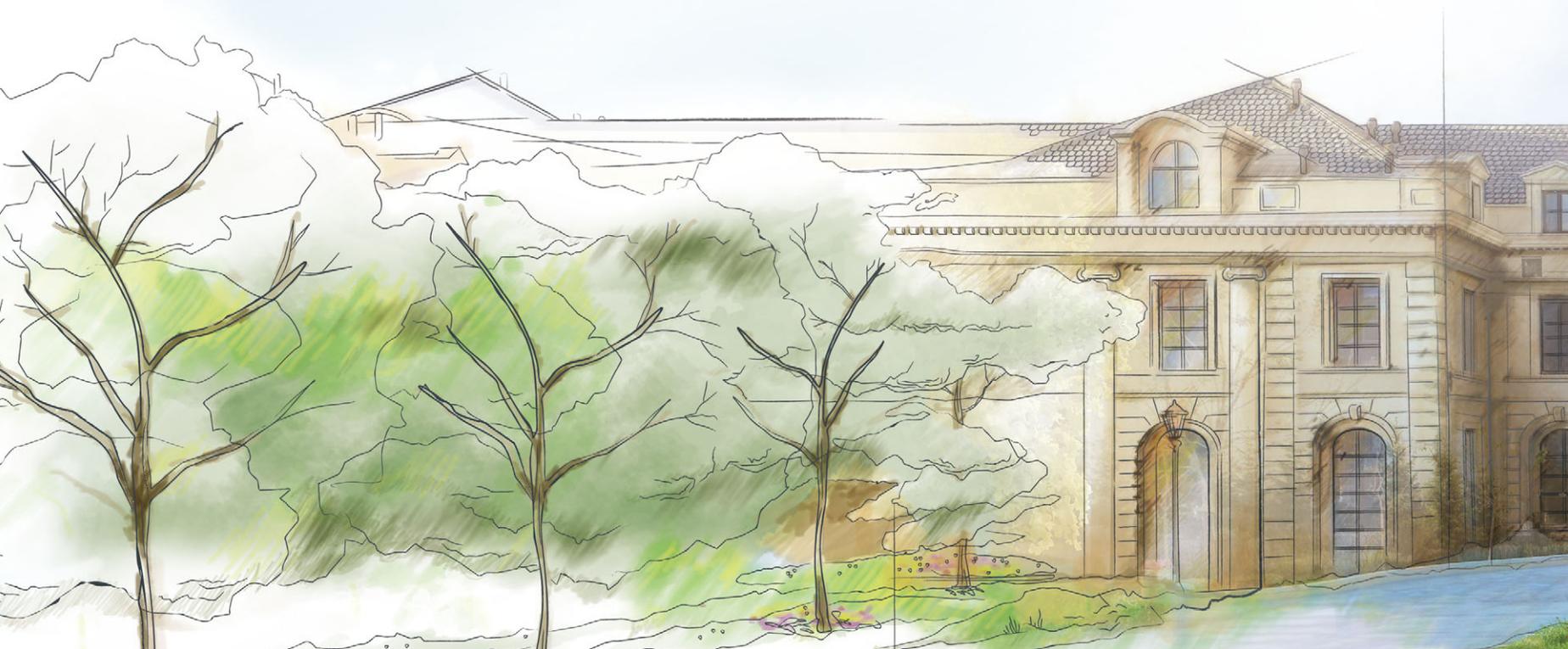
### **Intensified Sales Reform Efforts**

In 2013, we have further deepened the transformation of our sales model through diversification of marketing tools, such as sphere marketing, experience marketing, and event marketing. This has changed the past sales model from mainly on-site reception, introduction and sharing to an active sales model that involves soliciting and servicing customers pro-actively. Whilst gaining new customers, the Group also strengthens its relationships with existing customers and residents, which in turn enhances the success rate of referrals. With respect to some major projects, we will be developing a nationwide sales network, and actively relocating internal staff and social network so as to expand our marketing efforts to a wider coverage.

As we are also dedicated to developing an outstanding and experienced team of sales agents, we have, in the first half of 2013, expanded the team of sales agents, reinforced training that focuses on professional quality and sales techniques, strengthened efforts on efficiency assessments, and maximized motivation for our sale agents. As a result, the overall quality and efficiency of the sales team has been further improved to a higher level.

### **Pre-sales in the First Half of 2013**

The performance of the Group in the first half of 2013 was satisfactory. During this period, Greentown Group (including Greentown China Holdings Limited, its subsidiaries and its joint ventures and associates) had sold 1.51 million sqm of properties with a sales amount of RMB32.5 billion (including agreement sales of RMB3.1 billion) representing an increase of 47.7% from RMB22 billion during the same period in 2012, representing a 59% completion of the annual sales target set at the beginning of 2013. Contract sales amount attributable to the Group amounted to RMB15.3 billion, with an overall average selling price of RMB20,395 per sqm, representing an increase of 8.8% as compared to RMB18,744 during the same period in 2012.



## MANAGEMENT DISCUSSION AND ANALYSIS

Details of the projects pre-sold during the first half of the year are as follows:

Project	Contract Sales Area (sqm)	Contract Sales Amount (RMB million)	Average Selling Price (RMB/sqm)
Hangzhou Sincere Garden	66,696	2,300	34,491
Hainan Clear Water Bay	65,861	1,678	25,476
Shanghai Rose Garden	18,377	1,614	87,807
Hangzhou Wulin No. 1	19,443	1,437	73,927
Jinan National Games Project	81,387	1,042	12,801
Hangzhou Bright Moon in Jiangnan	32,605	1,028	31,537
Hangzhou Xizi International	23,367	844	36,126
Shanghai Yulan Garden	19,187	828	43,138
Hangzhou Orchid Residence	13,550	670	49,417
Jinan Lily Garden	71,604	627	8,756
Suzhou Majestic Mansion	15,367	603	39,230
Dongying Ideal City	45,924	584	12,723
Hangzhou Idyllic Garden	25,087	584	23,282
Shaoxing Lily Garden	36,631	560	15,291
Others	907,826	15,029	16,555
<b>Total</b>	<b>1,442,912</b>	<b>29,428</b>	<b>20,395</b>



# MANAGEMENT DISCUSSION AND ANALYSIS

## Off-Shore Bond Issuance

The Group takes a prudent approach in capital and financing management. It will take into account the economic development cycle and compare the advantages of various domestic and overseas financing channels, strike a balance between the pros and cons with an aim to maintaining reasonable borrowings and cash level as well as optimizing debt maturity profile continuously. Since 2012, the global capital markets have undergone an extraordinarily low interest rate environment which provided an opportunity for the Group to tap additional funding channels at lower costs.

While we strive to continuously improve our financial position, we also remain sensitive to overseas capital markets to ensure we capture the best financing opportunities. The Company issued a 5-year USD400 million senior notes in February 2013, another 5-year USD300 million senior notes in March 2013 and a 3-year RMB2.5 billion dim sum bonds in May 2013, and received positive responses from the market. Our senior notes, with the coupon rate decreased from 8.5% in February and March to 5.625% in May which represents the lowest coupon rate amongst the companies with the same credit rating, provided capital support to us and improved our debt maturity profile. This reflects investors' recognition in the market position of the Company and their confidence in our future development. After the successful execution of our financing plan in the first half of 2013, the Company has improved its short-term borrowing profile by achieving its target of maintaining more cash than debts that mature within one year. Meanwhile, a lower coupon rate would also reduce the Group's future finance expenses which will benefit the cost control and translate into a better profitability.

## Upgrade in Credit Rating

Following the establishment of a long-term strategic partnership with the Wharf Group in Hong Kong and the establishment of the joint venture with Sunac China Holdings Limited (Stock Code: 01918.HK) ("Sunac") in mid-2012, our financial positions have shown continuous improvement, particularly in liquidity and debt profile. Further, leveraging on our prominent branding, product quality and market position as well as our timely adjusted sales strategies, we have also achieved remarkable growth in terms of contract sales. Accordingly, the Group was able to consecutively receive credit rating upgrades from two leading rating agencies, Moody's and Standard & Poor's, during the six months ended 30 June 2013. As such, Moody's upgraded our rating from Caa1 to B2 and Standard & Poor's from CCC+ to B. Subsequently, Standard & Poor's further upgraded the rating by two notches from B to BB- in August of this year. The upgrade in credit rating on the one hand reflects the overall improvement of the Group's financial positions, while on the other hand, this also creates favorable conditions for the Group in the global capital market for future financing.

## Improvement in Corporate Governance

Since the introduction of Wharf as our strategic partner in June last year, we have maintained close communication with Wharf to actively explore the development models for the mainland market going forward. We have also leveraged on support from Wharf's venerable corporate culture and wealth of experience in corporate governance and management in demonstrating the function of each executive director, non-executive director and independent non-executive director. Through a good corporate governance structure, we strive to ensure the board decisions could maximize shareholders' interests. The Investment Committee also provides professional advice and support in project development and investment return. Furthermore, as the second largest shareholder of the Company and through its leadership and influence in the capital market, Wharf also helped the Company tap into overseas capital markets for financing.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Project Acquisition through Co-operation

The Sunac Greentown joint venture, Shanghai Sunac Greentown Investment Holding Co. Ltd., shares the same philosophy of both Greentown and Sunac in developing high-end properties in China. After a year of cooperation, both parties have gained a clearer understanding of each other's respective edges and complemented each other. It is expected that, through active expansion, the position and brand advantages of both parties in the Yangtze River Delta can be further strengthened. The Joint Venture successfully acquired two premium projects, Dynasty on the Bund in Shanghai and Jindu Golf Villa in Hangzhou during the first half of the year. The completion of these two acquisitions further enriched the current land bank reserve of the Company and enhanced the Company's earning prospect. It also provided the foundation for the Company to explore mergers and acquisitions as well as effective expansion in the future.

### Land Bank Reserve

In the first half of the year, the Group added three parcels of quality land, representing a total site area of 384,000 sqm, as well as a total planned construction area of 1,320,000 sqm which translates into an average land cost of approximately RMB8,344 per sqm. As at 30 June 2013, the accumulated site area of the Group amounted to 21.16 million sqm, of which 11.52 million sqm was attributable to the Group. Total GFA amounted to 41.39 million sqm, of which 21.96 million sqm was attributable to the Group. Total saleable resources in our land bank reserve amounted to approximately RMB260.4 billion (including sold but not yet recognized amount of RMB82.4 billion), with the attributable amount of RMB135.5 billion (including sold but not yet recognized amount of RMB46.5 billion). The Company currently expects that there is sufficient land reserve for the Group's development over the next five years.

List of newly added lands:

Project	Cities	Equity Interest	Site Area (000' sqm)	Planned GFA (000' sqm)	Total Transaction Value (RMB million)	Land Cost per GFA (RMB/sqm)
Dynasty on the Bund	Shanghai	50%	111	675	7,996	11,854
Jindu Golf Villa*	Hangzhou	25%	214	526	1,200	4,562
Melodious Manor	Hangzhou	25%	59	123	645	8,120

\* Total transaction amount of RMB1.2 billion is the consideration of 50% equity interest of the project acquired.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Outlook

The global economy remains volatile, and the drives for China's economic growth have gradually slowed down. Austerity measures on real estate market have become very common. Developers should pursue a steady and sustainable development path based on the industry layout in the future and its own edges. After several ups and downs in the industry, the Group has gained a more comprehensive insight into its position and future development. It will adhere to its core advantages to uphold prudent financing policies and sustainable development strategies, draw upon its strengths and consolidate and make use of its advantages and resources. Thus, the Group remains optimistic towards its future growth.

## Service Provider for High-Quality Life

An outstanding property developer shall possess not only the ability to create high-quality living space but also the ability to design and implement product services. The real estate industry has developed into such a stage where first-class real estate enterprises in competition will gradually focus on services. The enterprise that is the first to provide more attentive services and show insight on the customers' needs will dominate new markets. Services will definitely determine the way forward in real estate industry. We have recognized such a trend and hope to upgrade our projects together with our services. Based on the existing community service system, we will establish an online services platform by leveraging on technological solutions such as internet data and cloud computing, so as to link up the community services (e.g. health, education, living etc.) and basic property services with our online platform, to fully integrate offline life and online virtual life and to create online and offline interactive communities. We will explore and respond to specific needs of all walks of life, for example, by developing property for the elderly or tourism real estate and building large-scale residential areas or low-density residential areas. We will focus on the elements of high-quality living, including safety, practicality, durability, comfort, harmony and sense of value (including living value and aesthetic value, etc.), and will transform ourselves from a first-class property developer into a service provider for high-quality urban life.

## Develop Diversified Products

Best products come from design and quality control. The Company adheres to the principle of creating top quality Greentown products and pro-actively learning design concepts from excellent domestic and overseas products. To ensure that the product quality becomes the local benchmark, the Company will ensure a precise product positioning that meets market and consumer needs and focus on systematic, comprehensive and effective management procedures for planning and design.

The Company, on the basis of building high-end quality properties, will adhere to innovative development ideas, reasonably adjust its product structures, and continuously enrich its product types. On the one hand, the Company will accurately analyze the features of different markets through market research in order to ensure product positioning and develop more product types that satisfy the consumer demands of local markets. The Company will, on the other hand, increase the performance-cost ratio of the products by relying on its strengths in ideas, design, formation, etc. to integrate education, healthcare, service and other resources. The Company will, on the other hand, increase investments in projects that demonstrate knowledge and art and that also have vast market demands such as real estate for the elderly, tourism real estate, commercial and cultural complexes, etc., so as to create industry-leading diversified products.

## Meticulous Internal Management

We will pursue the goal of "exquisite quality and steady operation", and endeavor to further enhance meticulous management in organizational structure, personnel quality, development paces, cost control and management and other aspects to improve our operation.

## MANAGEMENT DISCUSSION AND ANALYSIS

Firstly, we will establish a comprehensive personnel training system supported by a competitive remuneration and performance system, manage the personnel in the aspects of “selection, appointment, education and retention”, and promote the overall development and growth of the team.

Secondly, we will continuously adjust and optimize the organizational structure, flatten the management structure, improve the efficiency and quality of the management in order to support further development of the Company.

Thirdly, we will promote project progress management, strengthen the monthly pre-view of the five milestones including construction permits, construction, sample houses, pre-sell permits and completion, and will speed up the pace of project development, increase sell-through ratio, and accelerate cash return cycle.

Fourthly, we will thoroughly carry out the idea of total-cost control, strengthen the training on total-cost control to all our personnel, demonstrate the role of the total-cost management committee; we will employ computerised techniques to implement the total-cost evaluation and monitoring mechanism, and establish and improve the total-cost control system.

### **Project Strategic Development**

The Company will take a prudent approach in considering the strategic development of future projects and continue to adopt the core assets-light strategy of “brand output and management output”. The Company will also reasonably utilize the social idle funds and real estate investment funds to broaden our funding channel, and make use of the leverage effect. This will reduce its financial risks while enhancing the efficiency of our equity funds usage and allocation, realizing substantive and sustainable development.

In addition, the Company will consider the geographical focus of future projects as a whole. In respect of the existing cities, the Company will continue leveraging on its brand, service and customer base to cement its leading position. In respect of new cities, the Company will research on the market size, industry dynamic and demographic structure of the local markets, and reduce its reliance on acquisitions of new land plots through competitive auction and listing as it did in the past. The Company will also take advantage of the industry consolidation to explore potential opportunities and discover under-valued land plots and to acquire high-quality projects through mergers and acquisitions at a reasonable price. The Company will also rely on its partners to further penetrate new markets and enter into regions where its partners have an absolute advantage in order to reduce development risks while maintaining sufficient land bank.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Further Optimizing the Debt Structure

In the first half of 2013, the Company has proactively explored in the offshore capital market and successfully issued three bonds, thereby improved its debt structure. In the second half of this year, the Company will maintain a positive and open attitude towards the capital markets. In accordance with specific market circumstances, it may increase its financing efforts whilst maintaining a reasonable debt level to further improve the existing debt structure. As at the date of this interim report, with the Company's strong credit profile, the Company, together with Sunac, has completed a syndicated loan in an amount of USD400 million at an interest rate of LIBOR +3.88%. The loans will be applied towards the completion of the acquisition of Dynasty on the Bund. The Company has also obtained a three-year term loan in the amount of USD100 million from BOC International Holdings Limited at an interest rate of LIBOR +4%, which will be applied as general working capital. As part of stable operation, the Company will in the near future adhere to its financial system and standards, and maintain a reasonable debt ratio.

### Projects Scheduled for Completion for the Second Half of the Year

In the second half of 2013, Greentown Group expects to commence construction of projects with a GFA of approximately 4.20 million sqm, of which 1.93 million sqm is attributable to the Group. In addition, it is expected that 30 projects (or phased projects) will be completed in the second half of 2013 with a GFA of 3.06 million sqm, of which 2.34 million sqm is attributable to the Group.



## MANAGEMENT DISCUSSION AND ANALYSIS

## Projects scheduled for completion in the second half of 2013

*Subsidiaries*

Project	Phase	Equity Interest	Total GFA (Sqm)
Zhuji Greentown Plaza	Haitang Apartment, north area (partial)	60%	65,574
	Haitang Apartment, south area (partial)	60%	53,831
Zhoushan Changzhidao Project	I (partial)	96.875%	27,071
Zhoushan South Rose Garden and West Lot of Old Ocean College	South Rose Garden	100%	42,730
Zhengzhou Zhongmau Lily Garden	I (partial)	100%	52,430
Xintai Yulan Garden	I	70%	65,802
Xinjiang Lily Apartment	IV (partial)	50%	133,844
Hangzhou Idyllic Garden Fengheyuan	Fengheyuan	100%	97,581
Qingdao Ideal City	III (partial)	80%	79,137
	Sheraton Hotel	80%	54,480
Ningbo R&D Park	III	60%	110,599
Ningbo Crown Garden	III (partial)	60%	75,062
Lin'an Qingshan Lake Hongfengyuan	I	65%	27,469
Hefei Rose Garden	II (partial)	100%	94,443
	III (partial)	100%	11,835
Hangzhou Yunqi Rose Garden	I	51%	38,801
	IV	51%	6,381
Hangzhou Jade Garden	I	100%	149,282
Hangzhou Sincere Garden Zhengxin Yuan	Zhengxin Yuan	100%	144,925
Hangzhou Taohuayuan	X (partial)	64%	30,932
	XII (partial)	64%	13,106
Hangzhou Sapphire Mansion	IV	100%	64,491
	V, Hotel	100%	53,370
Hainan Clear Water Bay	Guanlan Yuan	51%	91,330
	Westin Hotel	51%	71,329
	New Moon Villa	51%	34,904
	Wentao Yuan	51%	22,319
	Tower 2 in Pinxia Yuan	51%	32,458
Deqing Yingxi Arcadia	I	100%	108,004
<b>Sub-total</b>			<b>1,853,520</b>

## MANAGEMENT DISCUSSION AND ANALYSIS



### Joint Ventures / Associates

Project	Phase	Equity Interest	Total GFA (sqm)
Hangzhou Ocean Mansion	II (partial)	24.5%	110,309
Shaoxing Jade Garden	III	51%	5,848
	V	51%	19,010
Shaoxing Yulan Garden	II	35%	240,532
Lin'an Qingshan Lake Rose Garden	II (partial)	50%	7,787
Hangzhou Bright Moon in Jiangnan	I	55%	150,612
Taizhou Begonia Garden	I (partial)	10%	73,693
Jinan National Games Project	X (partial)	45%	181,923
	VIII (partial)	45%	7,424
Haining Lily New Town	Xinghui Yuan	50%	92,589
Fuyang Harmony Garden	I	40%	45,149
	II	40%	127,740
Hangzhou Xingqiao Purple Osmanthus Apartment	IV (partial)	35%	8,909
Suzhou Majestic Mansion	II	50%	133,592
<b>Sub-total</b>			<b>1,205,117</b>
<b>Total</b>			<b>3,058,637</b>

As at 30 June 2013, the sales revenue of Greentown Group that has not yet been recognized in the income statement amounted to RMB82.4 billion, of which RMB46.5 billion was attributable to the Group. The majority of these sales revenue is expected to be recognized gradually in the next two years. We are therefore optimistic about our earnings prospect.

## MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Analysis

## Revenue

The Group derives its revenue mainly from the property sales, as well as from hotel operations, property rental, project management, sales of construction materials, and design and decoration.

During this period, the revenue recognized from property sales was RMB9,596 million, which accounted for 93.9% of the total revenue and represented a decrease of RMB2,415 million or 20.1% from RMB12,011 million during the same period in 2012. Such decrease was mainly due to the decrease in area sold and average selling price. The areas of properties sold that recognized for the period decreased by 13.0% to 646,503 sqm from 743,239 sqm of the same period in 2012. The average selling price of properties delivered during this period was RMB14,843 per sqm, representing a decrease of 8.1% from RMB16,160 per sqm during the same period in 2012.

The properties delivered during the first half of 2013 were as follows:

Project	Property Type	Area Sold (sqm)	Sales Revenue (RMB million)	% of Total	Average Selling Price (RMB/sqm)
Cixi Grace Garden	High-Rise Apartment	111,054	2,480	25.8%	22,331
Hangzhou Sapphire Mansion	High-Rise Apartment	22,408	1,279	13.3%	57,078
Qingdao Ideal City	High-Rise Apartment, Flat Mansion	138,079	972	10.1%	7,039
Huzhou Majestic Mansion	High-Rise Apartment, Villa	72,144	836	8.7%	11,588
Hangzhou Taohuayuan	Villa	14,692	529	5.5%	36,006
Zhengzhou Zhongmau Lily Garden	High-Rise Apartment	82,597	454	4.7%	5,497
Hangzhou Blue Patio	High-Rise Apartment	26,888	356	3.7%	13,240
Zhuji Greentown Plaza	High-Rise Apartment, Villa	17,514	346	3.6%	19,756
Shanghai Rose Garden	Villa	8,011	336	3.5%	41,942
Xintai Yulan Garden	High-Rise Apartment	51,386	314	3.3%	6,111
Dalian Deep Blue Centre	Serviced Apartment	17,127	209	2.2%	12,203
Changxing Plaza	High-Rise Apartment	6,855	203	2.1%	29,613
Others		77,748	1,282	13.5%	16,489
<b>Total</b>		<b>646,503</b>	<b>9,596</b>	<b>100.0%</b>	<b>14,843</b>

Note: Area sold includes above ground and underground areas.

## MANAGEMENT DISCUSSION AND ANALYSIS

During this period, projects in Hangzhou achieved sales revenue of RMB2,587 million, accounting for 27.0% of the property sales, ranking first. Project in Cixi achieved sales revenue of RMB2,480 million, accounting for 25.8% of the property sales, ranking second. Project in Shandong achieved sales revenue of RMB1,414 million, accounting for 14.7% of the property sales, ranking third.

During this period, sales revenue of apartments reached RMB7,744 million, accounting for 80.7% of the property sales. Sales revenue of villas reached RMB1,565 million, accounting for 16.3% of the property sales. Sales revenue of flat mansions reached RMB194 million, accounting for 2.0% of the property sales, and sales revenue of offices reached RMB93 million, accounting for 1.0% of the property sales.

During this period, the Group achieved revenue of RMB284 million from design and decoration, 24.6% higher than that of RMB228 million achieved during the same period in 2012. With the continuing expansion of our design and decoration business, the revenue from design and decoration is expected to increase in the future.

During this period, the Group's revenue from hotel operations was RMB130 million, representing an increase of 4.8% from RMB124 million during the same period in 2012. The increase was mainly due to the commencement of formal operations of Sheraton Qingdao Jiaozhou Resort Hotel in the second half of 2012.

During this period, the Group's rental income from investment properties was RMB53 million, which remained relatively stable as compared to RMB57 million during the same period in 2012, and was mainly attributable to the rental income of Oakwood Residence Beijing.

During this period, the Group's revenue from project management amounted to RMB101 million, representing an increase of 17.4% from RMB86 million during the same period in 2012, and was mainly attributable to construction income of Greentown Construction Management Co., Ltd., a subsidiary of the Company.

### **Gross Profit Margin from Property Sales**

During this period, the Group's gross profit from property sales was RMB2,849 million and the gross profit margin from property sales was 29.7%, slightly higher than 26.5% during the same period in 2012. Among the properties delivered during this period, the Hangzhou Sapphire Mansion project which was high-end and refined high-rise apartment and accounted for 13.3% of the total delivered properties, realized a gross profit margin of 47.1%, and to a certain extent increased the gross profit margin. In the meanwhile, the gross profit margin during this period was also affected to a certain extent by the project of Qingdao Ideal City, which accounted for 10.1% of the total delivered properties. This project comprises mainly affordable housing and high-rise apartment. Due to the restrictions imposed by the local government on the selling price of affordable housing units, as well as the local macro control measures on the real estate industry, the selling price of this project was relative low while the cost is high due to the high-end and refined high-rise apartments, as a result, this project only achieved a gross profit margin of 9.1%.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Other Income

Other income mainly included interest income, net foreign exchange gains and government grants. During this period, the Group realized other income of RMB377 million, which was RMB129 million lower than RMB506 million during the same period in 2012, mainly due to the trust income of RMB131 million received during the same period in 2012. After deducting such effect, other income for the six months ended 30 June 2013 remained stable as compared to that of the same period in 2012.

During this period, the Group's interest income amounted to RMB329 million, in line with RMB324 million during the same period in 2012.

### Selling and Administrative Expenses

During this period, the Group's selling and administrative expenses was RMB1,006 million, representing an increase of 19.1% as compared to RMB845 million during the same period in 2012.

Human resource cost, which is the largest expense item within selling and administrative expenses, amounted to RMB350 million during this period, generally in line with RMB353 million during the same period in 2012. During this period, expenses in advertising, sales and marketing was RMB223 million (during the same period in 2012: RMB126 million), accounting for 1.7% of the Group's property pre-sales (during the same period in 2012: 1.0%), representing a slight increase. Among the expenses, sales agency expenses, mainly commission paid to sales agents, was RMB82 million (during the same period in 2012: RMB30 million). In 2012, after the adoption of new sales model by the Group, project salesforce transitioned into sales agents, and we ensured that internal staff and third-party intermediaries resources would be fully mobilized to maximize sales performance. During this period, the daily operating expenses was RMB277 million (during the same period in 2012: RMB257 million), representing a growth of 7.8%, mainly due to the slight increase of basic expenses including office expenses, travel expenses, utilities fees and property management fees, rental fees, entertainment expenses, etc.



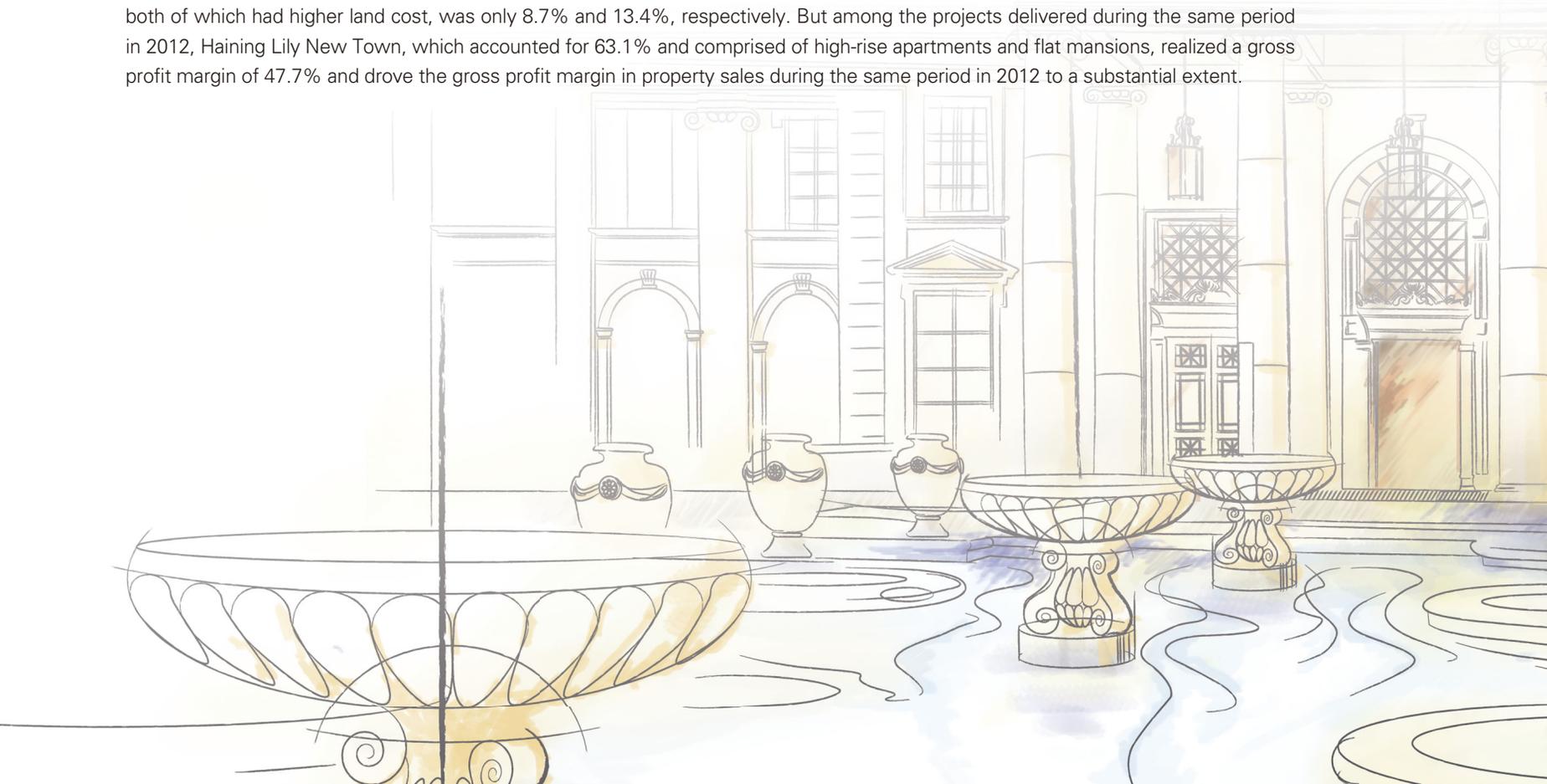
## MANAGEMENT DISCUSSION AND ANALYSIS

### Finance Costs

During this period, interest expenses recorded in the statement of income was RMB266 million (during the same period in 2012: RMB272 million). The total interest expenses during this period was RMB995 million, representing a decrease of 53.6% from RMB2,143 million during the same period in 2012, mainly due to the repayment in succession of various trusts and bank borrowings and the decrease in the weighted average use of funds. During this period, the capitalized interest was RMB729 million, at a capitalization rate of 73.3%, lower than the capitalization rate of 87.3% during the same period in 2012. It was mainly due to the fact that the decrease in total interest expenses during this period did not result in a proportionate decrease in the non-capitalized portion of such total interest expenses which are attributable to funds used by completed properties. In addition, the capitalization rate was also affected to a certain extent by the fact that we cannot use the fund raised offshore directly to domestic projects by means of debt borrowings.

### Share of Results of Joint Ventures and Associates

During this period, the Group's share of results of joint ventures and associates was RMB685 million, representing an increase of RMB427 million or 165.5% from RMB258 million during the same period in 2012, mainly due to more properties delivered during this period. During this period, sales revenue from properties carried forward by joint ventures and associates was RMB13,221 million, representing an increase of 4.3 times from RMB2,477 million during the same period in 2012, mainly due to the area sold increased by 108.0% from 249,096 sqm during the same period in 2012 to 518,173 sqm and the average selling price increased by 156.6% from RMB9,944 per sqm during the same period in 2012 to RMB25,515 per sqm. During this period, the gross profit margin of property sales delivered was 23.4%, representing a decrease compared with 39.6% during the same period in 2012. It was mainly because the gross profit margin of Shanghai Yulan Garden (which accounted for 14.2%) and Suzhou Majestic Mansion (which accounted for 7.6%), both of which had higher land cost, was only 8.7% and 13.4%, respectively. But among the projects delivered during the same period in 2012, Haining Lily New Town, which accounted for 63.1% and comprised of high-rise apartments and flat mansions, realized a gross profit margin of 47.7% and drove the gross profit margin in property sales during the same period in 2012 to a substantial extent.



## MANAGEMENT DISCUSSION AND ANALYSIS

Properties delivered by joint ventures and associates during the first half of 2013 were as follows:

Project	Property Type	Area Sold (sqm)	Sales Revenue (RMB million)	% of Total	Average Selling Price (RMB/sqm)
Hangzhou Sincere Garden Mingliyuan	High-Rise Apartment	84,028	2,333	17.6%	27,765
Shanghai Yulan Garden	High-Rise Apartment, Flat Mansion	53,063	1,874	14.2%	35,317
Hangzhou Sincere Garden Shouchunyuan	High-Rise Apartment	55,241	1,668	12.6%	30,195
Lishui Beautiful Spring River	High-Rise Apartment	102,161	1,419	10.7%	13,890
Shanghai Bund No. 8	Office	15,871	1,148	8.7%	72,333
Jinan National Games Project	Low-Rise Apartment, High-Rise Apartment	67,423	1,060	8.0%	15,722
Hangzhou Ocean Mansion	High-Rise Apartment	33,451	1,007	7.6%	30,104
Suzhou Majestic Mansion	Flat Mansion, Villa	20,537	1,000	7.6%	48,693
Shanghai Bund House	High-Rise Apartment	5,835	459	3.5%	78,663
Others		80,563	1,253	9.5%	15,553
<b>Total</b>		<b>518,173</b>	<b>13,221</b>	<b>100.0%</b>	<b>25,515</b>

Note: Area sold includes above ground and underground areas.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Tax Expense

During this period, tax expenses included the LAT of RMB472 million (during the same period in 2012: RMB731 million) and enterprise income tax of RMB692 million (during the same period in 2012: RMB689 million). During this period, the effective enterprise income tax rate was 28.1% (excluding share of results of joint ventures and associates), higher than the statutory tax rate of 25.0%, which was mainly attributable to withholding tax on dividend, the unrecognized deferred tax assets of the losses of certain subsidiaries which have not yet commenced pre-sale and certain overseas subsidiaries, and the tax effect of non-deductible expenses.

### Pre-sale Deposits

Pre-sale deposits represent the amounts received from the pre-sale of properties. The amounts will be recognized as sales revenue upon delivery of properties. As at 30 June 2013, the balance of presale deposits of the Group was RMB30,372 million, representing an increase of RMB1,524 million or 5.3% from RMB28,848 million as at 31 December 2012. The balance of pre-sale deposits of joint ventures and associates was RMB39,474 million, representing an increase of RMB2,962 million or 8.1% from RMB36,512 million as at 31 December 2012.

### Gain Relating to a Newly Acquired Joint Venture

On 16 April 2013, Shanghai Greentown Woods Golf Villas Development Co., Ltd. ("Greentown Woods"), a subsidiary of the Company, entered into an equity transfer agreement with Jindu Real Estate Group Co., Ltd. ("Jindu Real Estate"), pursuant to which, Jindu Real Estate transferred its 50% equity and entire creditor's right owed by Zhejiang Jinying Realty Co., Ltd. ("Zhejiang Jinying") to Greentown Woods at the consideration of RMB1,200 million. Zhejiang Jinying owns and is the developer of the project of Jindu Golf Villa. The acquisition enables Greentown Woods to generate a gain of RMB704 million, increasing the profit attributable to the owners of the Company by RMB268 million.

### Financial Resources and Liquidity

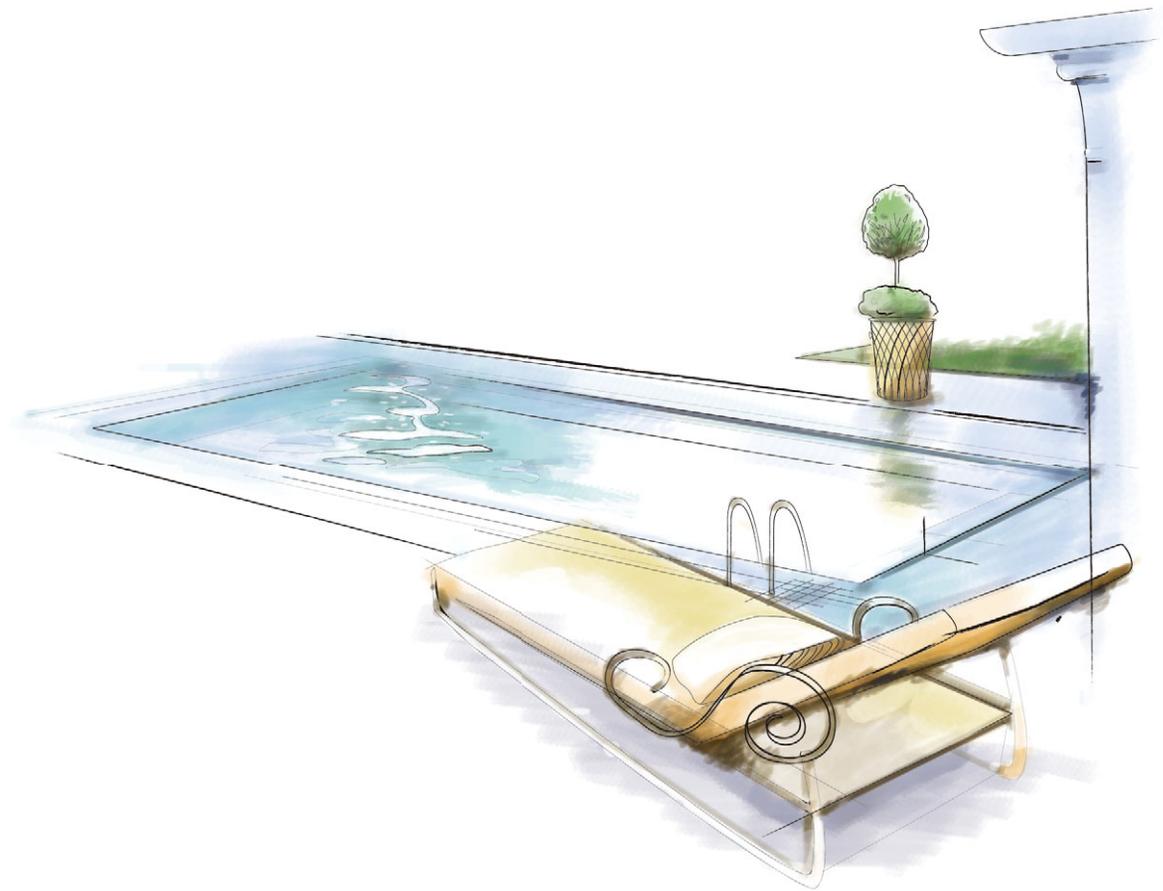
As at 30 June 2013, the Group had bank balances and cash (including pledged bank deposits) of RMB10,392 million (as at 31 December 2012: RMB7,898 million), and total borrowings amounted to RMB24,652 million (as at 31 December 2012: RMB21,373 million). Net gearing ratio (measured by net borrowings over net assets) was 49.5%, representing a substantial decrease from 93.5% as at 30 June 2012 and continued to maintain at a low level which was in line with 49.0% as at 31 December 2012.

Among the total borrowings of RMB24,652 million, borrowings with maturity of within one year amounted to RMB7,701 million and borrowings with maturity of after one year amounted to RMB16,951 million, accounting for 31.2% and 68.8% respectively of total borrowings. Among the total borrowings of RMB21,373 million as at 31 December 2012, borrowings with maturity of within one year amounted to RMB15,255 million and borrowings with maturity of after one year amounted to RMB6,118 million, accounting for 71.4% and 28.6%, respectively. The debt structure has been improved while the bank balances and cash is sufficient to cover borrowings with maturity of within one year.

### Risks of Foreign Exchange Fluctuation

The principal place of operation of the Group is PRC, and the majority of the income and expenditure were transacted in Renminbi. As the Group has deposits, borrowings and amounts due from third parties denominated in foreign currencies, and the senior notes issued in 2006, the USD 400 million senior notes and USD 300 million senior notes issued in 2013 were denominated in US dollars, the Group is exposed to exchange rate risk. However, the Group's operating cash flow and liquidity is not subject to significant influence from fluctuations in exchange rates. The Group did not enter into any foreign currency hedging arrangements as at 30 June 2013.

## MANAGEMENT DISCUSSION AND ANALYSIS



### Financial Guarantees

The Group provided financial guarantees to banks for mortgage facilities granted to buyers of the Group's properties. As at 30 June 2013, such financial guarantees amounted to RMB17,731 million (as at 31 December 2012: RMB17,144 million).

### Pledge of Assets

As at 30 June 2013, the Group pledged buildings, hotels, construction in progress, prepaid lease payment, investment properties, properties for development, properties under development, completed properties for sale, pledged bank deposits, interests in joint ventures and interests in associates, with an aggregate carrying value of RMB20,405 million (as at 31 December 2012: RMB24,848 million) to secure general credit facilities granted by banks and other financial institutions to the Group.

### Capital Commitments

As at 30 June 2013, the Group had contracted, but not provided for, capital expenditure commitments of RMB13,002 million (as at 31 December 2012: RMB15,276 million) in respect of properties for development, properties under development and construction in progress.

### Capital Expenditure Plan

In consideration of the complex and highly uncertain economic environment, the Group takes a prudent approach towards the use of funds to ensure the safety of the capital chain. Currently, no material capital expenditure plan has been proposed for the second half of 2013.

# CORPORATE GOVERNANCE



Hainan Clear Water Bay

## CORPORATE GOVERNANCE

### Corporate Governance Code

In the opinion of the Board, the Company had complied with the requirements of all the applicable code provisions set out in the Corporate Governance Code under Appendix 14 to the Listing Rules throughout the Reporting Period.

### Compliance With the Model Code of the Listing Rules

The Company has adopted the Model Code under Appendix 10 to the Listing Rules as the Company's code for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they have complied with the Model Code throughout the Reporting Period. Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with written guidelines on same terms as the Model Code.

### Audit Committee

The Audit Committee held two meetings during the Reporting Period, and all committee members attended the meeting. The Audit Committee has reviewed the accounting policies and critical accounting estimates and assumptions adopted by the Group. The audit objectives and the scope of the internal audit department of the Group were also discussed during the meeting.

### Review of Interim Results

The interim results announcement and the interim report for the Reporting Period have been reviewed by the Audit Committee and approved by the Board.

The auditor of the Company, Deloitte Touche Tohmatsu ("DTT"), has performed a review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" on the interim financial information of the Group for the Reporting Period prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", and a review report dated 23 August 2013 was issued by DTT.

### Investment Committee

Pursuant to the subscription agreement entered into with the Wharf Group on 8 June 2012, the Company has established an Investment Committee and appointed three members, namely Mr SONG Weiping, Mr SHOU Bainian and Mr NG Tin Hoi, Stephen (being the representative of Wharf), for the purpose of providing guidance and supervision to the Group with respect to investment matters. Any acquisition of land or investment in any property development project to be carried out by the Group shall be submitted to the Investment Committee for consideration. For so long as the net gearing ratio of the Company is 100% or above, a written consent is required to be obtained from the representative of Wharf.

## OTHER INFORMATION



Lin'an Mantuo Garden

## OTHER INFORMATION

**Directors' and Chief Executive's Interests in Securities**

As at 30 June 2013, the interests and short positions of directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations as defined in Part XV in the SFO, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or required to notify the Company and the Stock Exchange pursuant to the Model Code, were as follows:

**Long Positions in Shares and Underlying Shares of the Company**

<b>Name of Director</b>	<b>Personal Interests in Underlying Shares (Share Options Granted to Directors)</b>	<b>Family Interests</b>	<b>Corporate Interests</b>	<b>Total Number of Shares and Underlying Shares Held</b>	<b>% of Issued Share Capital of the Company Held</b>
Mr SONG Weiping	1,089,000 (note 1)	68,859,000 (note 2)	472,124,000 (note 3)	542,072,000	25.16%
Mr SHOU Bainian	–	–	384,490,500 (note 4)	384,490,500	17.84%
Mr LUO Zhaoming	15,000,000 (note 5)	–	100,000,000 (note 6)	115,000,000	5.34%
Mr GUO Jiafeng	336,000 (note 1)	–	13,010,000 (note 7)	13,346,000	0.62%
Mr CAO Zhounan	3,364,000 (note 8)	–	–	3,364,000	0.16%

## Notes:

- (1) It represents the share options granted on 22 January 2009 pursuant to the Share Option Scheme and are exercisable at the price of HK\$2.89 per share from 22 January 2009 to 21 January 2019.
- (2) Mr SONG Weiping is deemed to be interested in such shares held by Wisearn Limited ("Wisearn"), a company wholly-owned by his spouse, Ms XIA Yibo.
- (3) Mr SONG Weiping, being the sole shareholder of Delta House Limited ("Delta"), is deemed to be interested in 372,124,000 shares held by Delta pursuant to Part XV of the SFO. Hong Kong Orange Osmanthus Foundation Limited ("HKOO Foundation") is a company limited by guarantee and established by Mr SONG Weiping as a charitable institution of a public character exempt from tax under Section 88 of the Inland Revenue Ordinance, Chapter 112 of the Laws of Hong Kong. As Mr SONG Weiping is the sole member of HKOO Foundation, pursuant to Part XV of the SFO, Mr Song is deemed to be interested in 100,000,000 shares held by HKOO Foundation notwithstanding that Mr SONG Weiping is not beneficially interested in such shares.
- (4) Mr SHOU Bainian is deemed to be interested in such shares as the sole shareholder of Profitwise Limited ("Profitwise").
- (5) Pursuant to the Share Option Scheme, these share options were granted on 17 July 2009 and are exercisable at HK\$11.59 per share from 17 July 2009 to 16 July 2019.
- (6) Mr LUO Zhaoming is deemed to be interested in such shares held by Tandellen Group Limited ("Tandellen"), a company which is 50% owned by him and 50% owned by his spouse, Ms RUAN Yiling.
- (7) Mr GUO Jiafeng is deemed to be interested in such shares as the sole shareholder of Jamuta Investments Limited.
- (8) Pursuant to the Share Option Scheme, these share options were granted on 13 May 2009 and are exercisable at the price of HK\$7.16 per share from 13 May 2009 to 12 May 2019.

## OTHER INFORMATION

### Long Position in Debentures of the Company

Name of Director	Personal Interest in the Underlying Debentures	Family Interest	Corporate Interest
Mr SZE Tsai Ping	–	US\$300,000 (note 1)	–

Note:

- (1) These debentures are held by Ms Yu Ka Po Ruby, the spouse of Mr SZE Tsai Ping. Accordingly, Mr SZE Tsai Ping is deemed to be interested in these debentures.

### Long Position in Shares and Underlying Shares of Associated Corporations of the Company

Name of Director	Name of Associated Corporation	Interest in Registered Capital	% of the Total Registered Capital
Mr SONG Weiping	Greentown Construction Management (綠城房產建設管理有限公司)	RMB69,200,000	34.6%
Mr CAO Zhounan	Greentown Construction Management (綠城房產建設管理有限公司)	RMB54,000,000	27%

Save as disclosed above, as at 30 June 2013, none of the directors and chief executive of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or required to notify the Company and the Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION

**Substantial Shareholders' Interests in Securities**

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, as at 30 June 2013, the following shareholders, other than those disclosed in the section headed "Directors' and Chief Executive's Interests in Securities", had notified the Company of relevant interests in the shares and underlying shares of the Company:

<b>Name of Substantial Shareholder</b>	<b>Interest or Short Position in the Shares or Underlying Shares (Note 1)</b>	<b>Capacity in which Interests are Held</b>	<b>% of Issued Share Capital of the Company Held</b>
Ms XIA Yibo (note 2)	542,072,000 (L)	Interest of a controlled corporation and interest of spouse	25.16%
Delta (note 3)	372,124,000 (L)	Beneficial owner	17.27%
HKOO Foundation (note 3)	100,000,000 (L)	Beneficial owner	4.64%
Profitwise (note 4)	384,490,500 (L)	Beneficial owner	17.84%
Ms RUAN Yiling (note 5)	115,000,000 (L)	Interest of a controlled corporation and interest of spouse	5.34%
Tandellen (note 6)	100,000,000 (L)	Beneficial owner	4.64%
Lehman Brothers Holdings Inc. (note 7)	101,400,450 (L) 31,868,575 (S)	Interest of a controlled corporation Interest of a controlled corporation	4.71% 1.48%
HSBC Trustee (Guernsey) Limited (note 8)	869,446,387 (L)	Interest of a controlled corporation	40.35%
Wheelock and Company Limited ("Wheelock") (note 9)	869,446,387 (L)	Interest of a controlled corporation	40.35%
Wharf (note 10)	869,446,387 (L)	Interest of a controlled corporation	40.35%

Notes:

- (1) The letter "L" denotes a long position. The letter "S" denotes a short position.
- (2) Ms XIA Yibo, being the sole shareholder of Wisearn, is deemed to be interested in 68,859,000 shares held by Wisearn pursuant to Part XV of the SFO. Ms XIA Yibo is the spouse of Mr SONG Weiping. Accordingly, pursuant to Part XV of the SFO, Ms XIA Yibo is also deemed to be interested in: (i) 372,124,000 shares held by Delta, a company of which Mr SONG Weiping is the sole shareholder; (ii) 100,000,000 shares held by HKOO Foundation, a charitable institution established by Mr SONG Weiping, of which Mr SONG Weiping is the sole member (notwithstanding that neither Mr SONG Weiping nor Ms XIA Yibo is beneficially interested in those shares); and (iii) 1,089,000 share options held by Mr SONG Weiping.
- (3) A company controlled by Mr SONG Weiping for the purpose of the SFO, details of which are disclosed above.
- (4) A company controlled by Mr SHOU Bainian for the purpose of the SFO, details of which are disclosed above.
- (5) Ms RUAN Yiling is deemed to be interested in 100,000,000 shares held by Tandellen, a company as to 50% owned by her and 50% owned by her spouse, Mr LUO Zhaoming, and deemed to be interested in 15,000,000 share options held by Mr LUO Zhaoming.
- (6) A company controlled by Mr LUO Zhaoming for the purpose of the SFO, details of which are disclosed above.
- (7) Lehman Brothers Holdings Inc., according to its disclosure of interest filing, is deemed to be interested in a total of 101,400,450 shares (L) and 31,868,575 shares (S) through its controlled corporations for the purpose of the SFO.

## OTHER INFORMATION

- (8) HSBC Trustee (Guernsey) Limited is deemed to be interested in 869,446,387 shares for the purpose of the SFO through its controlled corporations, namely Wheelock, Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited, Target Smart Investments Limited ("Target Smart") and Enzo Investments Limited ("Enzo"). For the purpose of the SFO, such deemed interest includes the deemed interest in 344,594,594 underlying share by virtue of the Convertible Securities and accordingly, 40.35% does not represent the actual shareholding interest in the issued shares.
- (9) Wheelock is deemed to be interested in 869,446,387 shares for the purpose of the SFO through its controlled corporations, namely Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited, Target Smart and Enzo. For the purpose of the SFO, such deemed interest includes the deemed interest in 344,594,594 underlying share by virtue of the Convertible Securities and accordingly, 40.35% does not represent the actual shareholding interest in the issued shares.
- (10) Wharf is deemed to be interested in 869,446,387 shares for the purpose of the SFO through its controlled corporations, namely Wharf China Holdings Limited, Target Smart and Enzo. For the purpose of the SFO, such deemed interest includes the deemed interest in 344,594,594 underlying share by virtue of the Convertible Securities and accordingly, 40.35% does not represent the actual shareholding interest in the issued shares. As at 30 June 2013, Wharf (through Target Smart) held 524,851,793 shares, representing 24.36% of the Company's total issued share capital as at 30 June 2013.

Other than as disclosed above, the Company has not been notified of any other notifiable interests or short positions in any shares or underlying shares of the Company as at 30 June 2013.

### Share Option Scheme

The Share Option Scheme was adopted pursuant to a resolution of the shareholders' meeting passed on 22 June 2006 for the primary purpose of providing incentives and/or reward to directors and employees of the Group and will expire on 21 June 2016. Under the Share Option Scheme, the Board may grant share options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for Shares in the Company.

The total number of Shares in respect of which share options may be granted under the Share Option Scheme is not permitted to exceed 10% of the Shares in issue at any point of time, without prior approval from the Company's shareholders. The number of Shares issued and to be issued in respect of which share options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point of time, without prior approval from the Company's shareholders. Share options granted to independent non-executive directors and substantial shareholders of the Company in excess of 0.1% of the Company's share capital and with a value in excess of HK\$5,000,000 must be approved in advance by the Company's shareholders.

Share options may be exercised at any time from the date of grant of the share option to the expiry of the Share Option Scheme, unless otherwise specified in the Share Option Scheme. The exercise price is determined by the Board, and will not be less than the higher of (i) the closing price of the Shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the Shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Shares of the Company.

## OTHER INFORMATION

Details of the share options granted, exercised and cancelled pursuant to the Share Option Scheme during the six months ended 30 June 2013 were as follows:

Name of Grantee	No. of Share Options Outstanding at the Beginning of the Period	No. of Share Options Granted During the Period	No. of Share Options Exercised During the Period	No. of Share Options Forfeited During the Period	No. of Share Options Outstanding at the End of the Period	Date of Grant	Period During which Share Options are Exercisable	Exercise Price Per Share (HK\$)
<b>Directors</b>								
Mr SONG Weiping	544,500	–	–	–	544,500	22 January 2009	22 January 2009 to 21 January 2019	2.89
	272,250	–	–	–	272,250	22 January 2009	22 January 2010 to 21 January 2019	2.89
	272,250	–	–	–	272,250	22 January 2009	22 January 2011 to 21 January 2019	2.89
	1,089,000	–	–	–	1,089,000			
Mr SHOU Bainian	81,000	–	81,000	–	–	22 January 2009	22 January 2009 to 21 January 2019	2.89
	264,000	–	264,000	–	–	22 January 2009	22 January 2010 to 21 January 2019	2.89
	264,000	–	264,000	–	–	22 January 2009	22 January 2011 to 21 January 2019	2.89
	609,000	–	609,000	–	–			
Mr LUO Zhaoming	7,500,000	–	–	–	7,500,000	17 July 2009	17 July 2009 to 16 July 2019	11.59
	3,750,000	–	–	–	3,750,000	17 July 2009	17 July 2010 to 16 July 2019	11.59
	3,750,000	–	–	–	3,750,000	17 July 2009	17 July 2011 to 16 July 2019	11.59
	15,000,000	–	–	–	15,000,000			
Mr GUO Jiafeng	48,000	–	–	–	48,000	22 January 2009	22 January 2009 to 21 January 2019	2.89
	144,000	–	–	–	144,000	22 January 2009	22 January 2010 to 21 January 2019	2.89
	144,000	–	–	–	144,000	22 January 2009	22 January 2011 to 21 January 2019	2.89
	336,000	–	–	–	336,000			
Mr CAO Zhunan	–	–	–	–	–	13 May 2009	13 May 2009 to 12 May 2019	7.16
	1,916,500	–	1,852,500	–	64,000	13 May 2009	13 May 2011 to 12 May 2019	7.16
	3,300,000	–	–	–	3,300,000	13 May 2009	13 May 2012 to 12 May 2019	7.16
	5,216,500	–	1,852,500	–	3,364,000			
<b>Employees</b>								
Certain employees of the Company's subsidiaries, associates and joint ventures	5,545,000	–	1,687,500	–	3,857,500	22 January 2009	22 January 2009 to 21 January 2019	2.89
	5,260,250	–	1,174,250	–	4,086,000	22 January 2009	22 January 2010 to 21 January 2019	2.89
	6,064,250	–	991,750	–	5,072,500	22 January 2009	22 January 2011 to 21 January 2019	2.89
	17,316,000	–	3,147,500	–	14,168,500	22 June 2009	22 June 2009 to 21 June 2019	11.00
	8,688,000	–	1,059,000	–	7,629,000	22 June 2009	22 June 2010 to 21 June 2019	11.00
	8,688,000	–	942,000	–	7,746,000	22 June 2009	22 June 2011 to 21 June 2019	11.00
51,561,500	–	9,002,000	–	42,559,500				
Certain employees of Greentown Property Management Service Group Co., Ltd., Hangzhou Jinshagang Travel Cultural Company Limited and Greentown Holdings Group (all being associates of Mr SONG Weiping and Mr SHOU Bainian)	872,500	–	–	–	872,500	22 June 2009	22 June 2009 to 21 June 2019	11.00
	436,250	–	–	–	436,250	22 June 2009	22 June 2010 to 21 June 2019	11.00
	436,250	–	–	–	436,250	22 June 2009	22 June 2011 to 21 June 2019	11.00
	1,745,000	–	–	–	1,745,000			
<b>Total</b>	<b>75,557,000</b>	<b>–</b>	<b>11,463,500</b>	<b>–</b>	<b>64,093,500</b>			

## OTHER INFORMATION

The vesting period of the above share options is from the date of grant until the commencement of the period during which they are exercisable.

During the period, a total of 11,463,500 share options were exercised, and no share options were lapsed or cancelled. Other details regarding the Share Option Scheme should be referred to note 22 to the Condensed Consolidated Financial Statements.

### Human Resources

As at 30 June 2013, the Group employed a total of 5,372 employees (as at 31 December 2012: 4,670). Employees were remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed by the remuneration committee and the Board on a regular basis. As an incentive for employees, bonuses, cash awards and share options may also be given to employees based on individual performance evaluation.

### Purchase, Sale or Redemption of the Listed Securities of the Company

The Company issued a 5-year USD400 million senior notes pursuant to a purchase agreement dated 28 January 2013, another 5-year USD300 million senior notes pursuant to a purchase agreement dated 26 March 2013, and a 3-year RMB2.5 billion senior notes pursuant to a purchase agreement dated 6 May 2013. All these senior notes are listed on the Stock Exchange. During the Reporting Period, the Company issued an aggregate of 11,463,500 shares (representing 0.5% of the total issued shares of the Company as at 30 June 2013) pursuant to the exercise of certain share options granted to the directors and employees under the Share Option Scheme. Save as aforesaid, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

### Interim Dividend

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2013 (for the six months ended 30 June 2012: Nil).

### Appreciation

The Board would like to take this opportunity to express gratitude to our shareholders, customers, suppliers, banks, professional parties and employees for their continuous patronage and support.

By order of the Board

**Greentown China Holdings Limited**

**Song Weiping**

*Chairman*

Hangzhou, the PRC

23 August 2013

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



## TO THE BOARD OF DIRECTORS OF GREENTOWN CHINA HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

### Introduction

We have reviewed the condensed consolidated financial statements of Greentown China Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 38 to 75, which comprise the condensed consolidated statement of financial position as of 30 June 2013 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

### Deloitte Touche Tohmatsu

*Certified Public Accountants*

Hong Kong

23 August 2013

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Notes	Six months ended 30 June	
		2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Revenue	3	<b>10,213,995</b>	12,600,812
Cost of sales		<b>(7,055,929)</b>	(9,125,366)
Gross profit		<b>3,158,066</b>	3,475,446
Other income	4	<b>377,366</b>	506,006
Selling expenses		<b>(337,818)</b>	(244,861)
Administrative expenses		<b>(668,375)</b>	(599,646)
Finance costs	5	<b>(265,672)</b>	(272,137)
Fair value changes on cross currency swaps		<b>(32,950)</b>	–
Fair value changes on trust-related financial derivatives		–	82,520
Net gain on disposal of subsidiaries		–	368,280
Net gain on disposal of a joint venture		–	1,879
Net gain on disposal of associates		–	54,190
Gain on re-measurement of an associate to acquisition date fair value upon re-consolidation of a subsidiary	23	–	49,980
Gain relating to a newly acquired joint venture	12	<b>704,131</b>	–
Share of results of joint ventures		<b>173,655</b>	232,473
Share of results of associates		<b>511,464</b>	25,994
Profit before taxation	6	<b>3,619,867</b>	3,680,124
Taxation	7	<b>(1,163,931)</b>	(1,419,880)
Profit and total comprehensive income for the period		<b>2,455,936</b>	2,260,244
Attributable to:			
Owners of the Company		<b>1,854,924</b>	1,811,498
Non-controlling interests		<b>601,012</b>	448,746
		<b>2,455,936</b>	2,260,244
Earnings per share	9		
Basic		<b>RMB0.82</b>	RMB1.09
Diluted		<b>RMB0.74</b>	RMB1.08

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Notes	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	4,051,620	3,675,256
Investment properties		1,730,600	1,730,600
Interests in associates	11	7,864,979	6,573,266
Interests in joint ventures	12	1,404,085	1,003,745
Available-for-sale investments		359,855	346,545
Prepaid lease payment		674,306	254,968
Rental paid in advance		6,055	6,744
Deferred tax assets		883,217	782,241
		<b>16,974,717</b>	14,373,365
<b>CURRENT ASSETS</b>			
Properties for development	13	6,072,463	6,020,524
Properties under development	14	44,918,115	43,136,154
Completed properties for sale		8,006,354	7,330,358
Inventories		98,331	76,299
Trade and other receivables, deposits and prepayments	15	4,591,933	4,712,786
Amounts due from related parties		23,382,625	21,619,085
Prepaid income taxes		1,469,358	1,076,018
Prepaid other taxes		1,674,209	1,464,738
Pledged bank deposits	25	982,207	1,734,337
Bank balances and cash		9,409,399	6,163,632
		<b>100,604,994</b>	93,333,931

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Notes	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	17,186,537	15,958,635
Pre-sale deposits	17	30,372,198	28,848,285
Amounts due to related parties		9,292,677	7,125,114
Dividend payable		1,077,319	–
Income taxes payable		4,531,909	5,389,742
Other taxes payable		1,006,602	985,100
Bank and other borrowings – due within one year	18	7,463,822	15,014,288
Senior notes		237,324	241,327
		<b>71,168,388</b>	73,562,491
<b>NET CURRENT ASSETS</b>		<b>29,436,606</b>	19,771,440
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>46,411,323</b>	34,144,805
<b>NON-CURRENT LIABILITIES</b>			
Bank and other borrowings – due after one year	18	10,151,253	6,117,815
Senior notes	19	6,799,793	–
Deferred tax liabilities		598,149	538,915
Cross currency swaps		32,950	–
		<b>17,582,145</b>	6,656,730
		<b>28,829,178</b>	27,488,075

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Notes	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
<b>CAPITAL AND RESERVES</b>			
Share capital	20	208,349	207,422
Reserves		19,754,788	18,850,269
Convertible securities		2,084,472	2,084,472
Equity attributable to owners of the Company		22,047,609	21,142,163
Non-controlling interests		6,781,569	6,345,912
		28,829,178	27,488,075

The condensed consolidated financial statements on pages 38 to 75 were approved and authorised for issue by the Board of Directors on 23 August 2013 and are signed on its behalf by:

**SHOU Bainian***DIRECTOR***LUO Zhaoming***DIRECTOR*

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to owners of the Company										Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Statutory reserve RMB'000 (Note)	Conversion option reserve RMB'000	Share options reserve RMB'000	Convertible securities RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling Interests RMB'000	
At 1 January 2012 (audited)	166,441	6,299,722	(552,744)	346,150	27,275	280,105	-	5,372,950	11,939,899	5,703,415	17,643,314
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	1,811,498	1,811,498	448,746	2,260,244
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(136,126)	(136,126)
Transfer (note)	-	-	-	31,445	-	-	-	(31,445)	-	-	-
Shares issued (note 20)	26,658	1,359,563	-	-	-	-	-	-	1,386,221	-	1,386,221
Recognition of equity-settled share-based payments	-	-	-	-	-	1,203	-	-	1,203	-	1,203
Exercise of share options	55	2,222	-	-	-	(689)	-	-	1,588	-	1,588
Transfer on redemption of the 2007 Convertible Bonds (as defined in the 2011 consolidated financial statements)	-	-	-	-	(27,275)	-	-	27,275	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(464,113)	(464,113)
Liquidation of subsidiaries	-	-	-	-	-	-	-	-	-	(6,072)	(6,072)
Re-consolidation of a subsidiary (note 23)	-	-	-	-	-	-	-	-	-	38,962	38,962
Acquisition of assets	-	-	-	-	-	-	-	-	-	17,000	17,000
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	435,500	435,500
At 30 June 2012 (unaudited)	193,154	7,661,507	(552,744)	377,595	-	280,619	-	7,180,278	15,140,409	6,037,312	21,177,721
At 1 January 2013 (audited)	<b>207,422</b>	<b>8,395,764</b>	<b>(410,856)</b>	<b>449,470</b>	-	<b>267,863</b>	<b>2,084,472</b>	<b>10,148,028</b>	<b>21,142,163</b>	<b>6,345,912</b>	<b>27,488,075</b>
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	<b>1,854,924</b>	<b>1,854,924</b>	<b>601,012</b>	<b>2,455,936</b>
Dividends recognised as distributions (note 8)	-	-	-	-	-	-	-	<b>(1,077,319)</b>	<b>(1,077,319)</b>	-	<b>(1,077,319)</b>
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	<b>(320,000)</b>	<b>(320,000)</b>
Transfer (note)	-	-	-	<b>431,827</b>	-	-	-	<b>(431,827)</b>	-	-	-
Exercise of share options	<b>927</b>	<b>107,314</b>	-	-	-	<b>(41,319)</b>	-	-	<b>66,922</b>	-	<b>66,922</b>
Partial disposal of a subsidiary	-	-	<b>60,919</b>	-	-	-	-	-	<b>60,919</b>	<b>(38,419)</b>	<b>22,500</b>
Acquisition of subsidiaries (note 23)	-	-	-	-	-	-	-	-	-	<b>814</b>	<b>814</b>
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	<b>192,250</b>	<b>192,250</b>
At 30 June 2013 (unaudited)	<b>208,349</b>	<b>8,503,078</b>	<b>(349,937)</b>	<b>881,297</b>	-	<b>226,544</b>	<b>2,084,472</b>	<b>10,493,806</b>	<b>22,047,609</b>	<b>6,781,569</b>	<b>28,829,178</b>

Note: The statutory reserve is non-distributable and the transfer to this reserve is determined by the board of directors of the relevant companies in accordance with the relevant laws and regulations of the People's Republic of China ("the PRC"). This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Note	Six months ended 30 June	
		2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Net cash from operating activities		<b>8,339</b>	551,083
Net cash (used in) from investing activities			
Additions to property, plant and equipment		<b>(868,472)</b>	(408,380)
Proceeds from disposal of property, plant and equipment		<b>656</b>	–
Repayment from (Advances to) third parties		<b>54,961</b>	(200,503)
(Advances to) repayment from related parties		<b>(88,733)</b>	175,673
Decrease (increase) in pledged deposits		<b>752,130</b>	(266,405)
Re-consolidation/Acquisition of subsidiaries (net of cash and cash equivalents acquired)	23	<b>(6,443)</b>	62,727
Acquisition of assets (net of cash and cash equivalents acquired)		–	61,621
Proceeds from disposal of available-for-sale investments		–	110,970
Dividends received from associates and joint ventures		<b>272,887</b>	500,050
Disposal of subsidiaries (net of cash and cash equivalents disposed of)		–	694,262
Disposal of interests in associates		–	51,800
Proceeds from disposal of shareholders' loans as part of disposal/partial disposal of subsidiaries and associates		–	1,204,181
Proceeds from receipt of consideration receivable from disposal/partial disposal of subsidiaries and associates and relevant shareholder loans recognised in prior periods		–	751,515
Purchase of available-for-sale investments		<b>(13,310)</b>	(3,217)
Investments in associates		<b>(1,067,043)</b>	(39,175)
Investments in a joint venture and purchase of shareholders' loans as part of acquisition of a joint venture		<b>(600,000)</b>	–
Guarantee money received for disposal of a subsidiary		–	1,050,496
Receipt of trust income		–	130,769
Other investing cash flows		<b>347,370</b>	327,172
		<b>(1,215,997)</b>	4,203,556

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Net cash from (used in) financing activities		
Bank and other borrowings raised	<b>7,312,206</b>	3,750,149
Repayment of bank and other borrowings	<b>(10,829,234)</b>	(5,215,842)
Trust loans repaid	–	(795,900)
Advance from (Repayment of) related party borrowings	<b>2,121,652</b>	(78,362)
Interest paid	<b>(1,009,816)</b>	(2,253,902)
Dividends paid to non-controlling interests	<b>(320,000)</b>	(300,152)
Proceeds from partial disposal of subsidiaries	<b>22,500</b>	–
Redemption of the 2007 Convertible Bonds	–	(189,726)
Contribution by non-controlling shareholders of subsidiaries	<b>192,250</b>	435,500
Proceeds from issuance of Senior Notes due 2016 and 2018	<b>6,891,379</b>	–
Proceeds from issuance of new shares	–	1,386,221
Proceeds from exercise of share options	<b>66,922</b>	1,588
Share option premium received	<b>22,202</b>	–
	<b>4,470,061</b>	(3,260,426)
Net increase in cash and cash equivalents	<b>3,262,403</b>	1,494,213
Cash and cash equivalents at 1 January	<b>6,163,632</b>	3,615,149
Effect of foreign exchange rate changes	<b>(16,636)</b>	1,301
Cash and cash equivalents at 30 June, represented by bank balances and cash:	<b>9,409,399</b>	5,110,663
As per condensed consolidated statement of financial position	<b>9,409,399</b>	4,747,267
Included in disposal groups classified as held for sale	–	363,396
	<b>9,409,399</b>	5,110,663

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

## 1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

## 2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, certain new and revised International Financial Reporting Standards (“IFRSs”) issued by the IASB which are effective for the Group’s financial year beginning on 1 January 2013.

Except for the application of the new and revised reporting standards as described below, the application of these new and revised IFRSs has had no material effect on the amounts reported in these condensed consolidated financial statements and disclosures set out in these condensed consolidated financial statements.

### Impact of the application of IFRS 10

IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and SIC-Int 12 *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

The directors had performed a detailed analysis of the impact of the application of IFRS 10, and confirmed the application of IFRS 10 in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

## 2. Principal Accounting Policies (Continued)

### Impact of the application of IFRS 11

IFRS 11 replaces IAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, SIC-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, has been incorporated in IAS 28 (as revised in 2011). IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under IFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under IFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, IAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under IAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The directors reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of IFRS 11. The directors concluded that the Group's investment in its joint arrangements which were classified as jointly controlled entities under IAS 31 and was accounted for using the equity method, should be classified as joint ventures under IFRS 11 and continue to be accounted for using the equity method.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

### 2. Principal Accounting Policies (Continued)

#### IFRS 13 Fair Value Measurement

The Group has applied IFRS 13 for the first time in the current interim period. IFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various IFRSs. Consequential amendments have been made to IAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of IFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. IFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

The Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 21.

### 3. Revenue and Segment Information

An analysis of the Group's revenue from its major products and services is as follows:

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Property sales	9,595,940	12,011,259
Hotel operations	130,467	124,138
Project management	100,677	85,989
Property rental income	52,580	56,976
Design and decoration	283,685	227,904
Sales of construction materials	22,507	45,933
Other business	28,139	48,613
	<b>10,213,995</b>	12,600,812

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

## 3. Revenue and Segment Information (Continued)

An analysis of the Group's revenue and results by reportable and operating segments for the period under review is as follows:

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Others RMB'000	Total RMB'000
Six months ended 30 June 2013					
External revenue	9,595,940	130,467	52,580	435,008	10,213,995
Inter-segment revenue	–	3,016	247	570,310	573,573
Total segment revenue	9,595,940	133,483	52,827	1,005,318	10,787,568
Segment results	2,739,319	(29,674)	(4,395)	9,476	2,714,726
Unallocated administrative expenses					(8,949)
Unallocated other income					10,994
Unallocated finance costs					(167,902)
Fair value changes on cross currency swaps					(32,950)
Unallocated taxation					(59,983)
Profit for the period					2,455,936
Six months ended 30 June 2012					
External revenue	12,011,259	124,138	56,976	408,439	12,600,812
Inter-segment revenue	–	6,902	198	180,483	187,583
Total segment revenue	12,011,259	131,040	57,174	588,922	12,788,395
Segment results	2,196,610	12,604	(12,105)	16,566	2,213,675
Unallocated administrative expenses					(11,328)
Unallocated other income					33,058
Unallocated finance costs					(37,582)
Fair value changes on trust-related financial derivatives					82,520
Unallocated taxation					(20,099)
Profit for the period					2,260,244

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

**3. Revenue and Segment Information (Continued)**

The following is an analysis of the Group's assets and liabilities by reportable segment:

**Segment assets**

	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
Property development	103,634,028	97,895,112
Hotel operations	4,198,675	2,951,674
Property investment	1,786,575	1,784,857
Others	2,195,300	2,721,404
Total segment assets	111,814,578	105,353,047
Unallocated	5,765,133	2,354,249
Consolidated assets	117,579,711	107,707,296

**Segment liabilities**

	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
Property development	75,863,633	73,911,205
Hotel operations	110,308	180,623
Property investment	1,056,466	1,091,446
Others	2,961,414	4,230,237
Total segment liabilities	79,991,821	79,413,511
Unallocated	8,758,712	805,710
Consolidated liabilities	88,750,533	80,219,221

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

## 4. Other Income

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Interest income	328,654	324,020
Net foreign exchange gains	17,734	–
Government grants	600	30,273
Trust income	–	130,769
Others	30,378	20,944
	<b>377,366</b>	506,006

## 5. Finance Costs

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Interest on borrowings	994,244	2,142,614
Less: Interest capitalised in properties under development and construction in progress	(728,572)	(1,870,477)
	<b>265,672</b>	272,137

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

**6. Profit Before Taxation**

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Profit before taxation has been arrived at after charging:		
Salaries and other benefits	478,925	439,054
Equity-settled share-based payments	–	1,203
Retirement benefits scheme contributions	21,520	22,228
Less: Capitalised in properties under development	(150,149)	(109,508)
	350,296	352,977
Depreciation of property, plant and equipment	74,183	76,308
Less: Capitalised in properties under development	(4,529)	(5,169)
	69,654	71,139
Cost of properties and inventories recognised as an expense	6,986,982	9,044,769
Amortisation of prepaid lease payment (included in administrative expenses)	3,457	2,146

**7. Taxation**

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Current tax:		
PRC Enterprise Income Tax ("EIT")	733,915	767,500
PRC Land Appreciation Tax ("LAT")	471,758	731,013
	1,205,673	1,498,513
Deferred tax:		
Current period	(41,742)	(78,633)
	1,163,931	1,419,880

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

## 7. Taxation (Continued)

PRC EIT is recognised based on management's best estimate of the annual income tax rate expected for the full financial year, which is 25%. All PRC subsidiaries are subject to EIT levied at a rate of 25% (2012: 25%).

In addition, the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") provides that qualified dividend income between two resident enterprises that have a direct investment relationship is exempted from income tax. Otherwise, such dividends will be subject to a 5% or 10% withholding tax under the EIT Law. A 10% withholding tax rate is applicable to the Group.

No provision for income tax has been made for the Company and its subsidiaries incorporated in Hong Kong as they have no assessable profits derived from Hong Kong.

For the six months ended 30 June 2013, the Group has estimated and made a provision for LAT in the amount of RMB471,758,000 (for the six months ended 30 June 2012: RMB731,013,000) according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

## 8. Dividends

On 19 March 2012, an interim dividend for 2011 of RMB0.10 per ordinary share, or RMB164,026,000 in total, was paid to the shareholders.

A final dividend of RMB0.50 per ordinary share for the year ended 31 December 2012 was proposed by the directors and was approved by the shareholders at the annual general meeting during the interim period. The aggregated amount of the final dividend was RMB1,077,319,000. The final dividend was subsequently paid on 12 July 2013.

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2013 (for the six months ended 30 June 2012: RMB nil per ordinary share).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

**9. Earnings Per Share**

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

**Earnings**

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Profit for the period attributable to the owners of the Company	<b>1,854,924</b>	1,811,498
Distribution related to Convertible Securities	<b>(91,404)</b>	–
Earnings for the purpose of basic earnings per share	<b>1,763,520</b>	1,811,498
Effect of dilutive potential ordinary shares:		
Interest on the 2007 Convertible Bonds	–	3,259
Distribution related to Convertible Securities	<b>91,404</b>	–
Earnings for the purpose of diluted earnings per share	<b>1,854,924</b>	1,814,757

**Number of shares**

	Six months ended 30 June	
	2013	2012
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>2,152,537,013</b>	1,667,409,986
Effect of dilutive potential ordinary shares:		
Share options	<b>24,920,175</b>	12,079,725
The 2007 Convertible Bonds	–	6,234,677
Convertible Securities	<b>344,594,594</b>	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>2,522,051,782</b>	1,685,724,388

**10. Property, Plant and Equipment**

During the period, the Group incurred additional expenditure on property, plant and equipment in the amount of RMB868,472,000 (for the six months ended 30 June 2012: RMB408,380,000), in which RMB816,281,000 (for the six months ended 30 June 2012: RMB337,211,000) was spent on the construction of its hotel properties.

Details of the buildings and construction in progress pledged to secure banking facilities granted to the Group are disclosed in note 25.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

## 11. Interests in Associates

During the period, the Group invested in newly acquired associates in the amount of RMB180,520,000. In addition, the Group made an additional capital contribution of RMB886,523,000 to existing associates.

## 12. Interests in Joint Ventures

On 16 April 2013, the Group entered into a framework agreement to acquire from an independent third party (i) a 50% equity interest in Zhejiang Jinying Real Estate Co., Ltd. ("Zhejiang Jinying"), a company engaged in the property development business, for a cash consideration of RMB200,000,000; and (ii) the shareholder's loan made to Zhejiang Jinying by such party in the principal amount of RMB1,672,637,000, for a cash consideration of RMB1,000,000,000. The shareholder's loan was unsecured, interest free and repayable on demand. Details of the transaction were set out in the Company's announcement dated 2 June 2013.

The Group has since obtained joint control over Zhejiang Jinying and accounts for it as a joint venture. Subsequent to the aforesaid transaction, the Group has revised the estimates on expected cash flows from Zhejiang Jinying for repayment of the shareholder's loan based on the current business plan of Zhejiang Jinying, and adjusted the carrying amount of the loan to reflect revised estimated cash flows, resulting in a gain of approximately RMB672,637,000.

## 13. Properties for Development

Included in properties for development as at 30 June 2013 was an amount of RMB794,916,000 (as at 31 December 2012: RMB1,857,329,000) in respect of long-term leasehold land for which the Group was in the process of obtaining the land use rights certificates.

All properties for development are expected to be recovered after more than 12 months from the end of the period.

## 14. Properties Under Development

	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
Long-term leasehold land – at cost	22,401,504	22,615,786
Development costs	18,656,489	16,776,048
Finance costs capitalised	3,860,122	3,744,320
	<b>44,918,115</b>	43,136,154

Properties under development for sale amounting to RMB26,265,427,000 (as at 31 December 2012: RMB26,233,022,000) are expected to be recovered after more than 12 months from the end of the period.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

**15. Trade and Other Receivables, Deposits and Prepayments**

	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
Trade receivables	383,342	459,907
Other receivables	2,811,668	2,828,812
Prepayments and deposits	1,073,317	1,100,461
Consideration receivable from disposal of associates	323,606	323,606
	<b>4,591,933</b>	4,712,786

The Group allows an average credit period of 90 days to certain trade customers with good credit standing. The aged analysis of trade receivables is stated as follows:

	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
Within 30 days	66,733	80,382
31–90 days	27,290	26,816
91–180 days	57,843	130,170
181–365 days	87,194	67,118
Over 365 days	144,282	155,421
	<b>383,342</b>	459,907

**16. Trade and Other Payables**

	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
Trade payables	9,868,174	10,814,674
Other payables and accrued expenses	7,218,363	5,143,961
Consideration payable on acquisition of a subsidiary	100,000	–
	<b>17,186,537</b>	15,958,635

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

### 16. Trade and Other Payables (Continued)

Trade payables principally comprise amounts outstanding for trade purchases and contractor payments. The aged analysis of trade payables is stated as follows:

	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
Within 30 days	3,031,939	6,107,937
31–90 days	3,028,374	1,933,377
91–180 days	582,063	1,304,746
181–365 days	2,411,018	870,156
Over 365 days	814,780	598,458
	<b>9,868,174</b>	10,814,674

### 17. Pre-Sale Deposits

Pre-sale deposits represent amounts received in respect of properties pre-sold. They are expected to be recognised as revenue upon delivery of properties as contracted.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

**18. Bank and Other Borrowings**

	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
Secured bank loans (note 25)	12,762,181	14,725,150
Unsecured bank loans	222,000	1,311,938
	<b>12,984,181</b>	16,037,088
Secured other loans (note 25)	4,540,894	3,990,915
Unsecured other loans	90,000	1,104,100
	<b>4,630,894</b>	5,095,015
	<b>17,615,075</b>	21,132,103
The amount is repayable as follows:		
Amounts due within one year	7,463,822	15,014,288
Amounts due after one year	10,151,253	6,117,815
	<b>17,615,075</b>	21,132,103

At the end of the period, certain bank loans were also supported by guarantees from the following parties:

	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
Secured bank loans, guaranteed by:		
Independent third parties	692,530	643,964
Non-controlling shareholders of subsidiaries	457,080	446,800
Unsecured bank loans, guaranteed by:		
Independent third parties	162,000	1,000,000
Non-controlling shareholders of subsidiaries	–	142,000
Associates	490,000	–

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

## 19. Senior Notes

On 4 February 2013, the Company issued senior notes with an aggregate principal amount of USD400,000,000 at 100% of face value (the "USD Senior Notes"), which are listed on The Stock Exchange of Hong Kong Limited. The USD Senior Notes carry interest at the rate of 8.5% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD394,626,000 (approximately RMB2,480,617,000). The USD Senior Notes will mature on 4 February 2018.

On 26 March 2013, the Company issued another senior notes with an aggregate principal amount of USD300,000,000 at 102.5% of face value plus accrued interest (the "Additional USD Senior Notes") that were consolidated and formed a single series with the USD Senior Notes. The Additional USD Senior Notes are listed on The Stock Exchange of Hong Kong Limited and carry the same terms and conditions as the USD Senior Notes. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD308,515,000 (approximately RMB1,934,851,000).

The principal terms of the USD Senior Notes and Additional USD Senior Notes (collectively as "New USD Senior Notes") are as follows:

The New USD Senior Notes are:

- (i) general obligations of the Company;
- (ii) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the New USD Senior Notes;
- (iii) at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law); and
- (iv) guaranteed by certain offshore subsidiaries of the Company from time to time, on a senior basis, subject to certain limitations; and
- (v) effectively subordinated to secured obligations, including the November 2006 Senior Notes, of the Company, and its subsidiaries guaranteeing the New USD Senior Notes from time to time, subject to certain limitations; and
- (vi) effectively subordinated to all existing and future obligations of the subsidiaries of the Company that do not guarantee the New USD Senior Notes.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

### 19. Senior Notes (Continued)

At any time and from time to time on or after 4 February 2016, the Company may at its option redeem the New USD Senior Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve-month period beginning on 4 February of each of the years indicated below.

Period	Redemption price
2016	104.250%
2017	102.125%

At any time prior to 4 February 2016, the Company may at its option redeem the New USD Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the New USD Senior Notes plus the Applicable Premium (as defined below) as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

“Applicable Premium” means with respect to the New USD Senior Notes at any redemption date, the greater of (1) 1.00% of the principal amount of New USD Senior Notes and (2) the excess of (A) the present value at such redemption date of (i) the redemption price of New USD Senior Notes on 4 February 2016 plus (ii) all required remaining scheduled interest payments due on New USD Senior Notes through 4 February 2016 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate, the rate per annum equal to the semi-annual equivalent yield in maturity of the comparable US Treasury security, plus 100 basis points, over (B) the principal amount of New USD Senior Notes on such redemption date.

At any time and from time to time prior to 4 February 2016, the Company may redeem up to 35.0% of the aggregate principal amount of the New USD Senior Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 108.5% of the principal amount of the New USD Senior Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65.0% of the aggregate principal amount of the New USD Senior Notes issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The New USD Senior Notes contain a liability component and an early redemption option:

- (i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the period is calculated by applying an effective interest rate of approximately 8.5% per annum to the liability component since the senior notes were issued.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

## 19. Senior Notes (Continued)

- (ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the early redemption option is insignificant on initial recognition and on 30 June 2013.

The movements of New USD Senior Notes during the period are set out below:

	RMB'000
Fair value at the dates of issuance	4,415,468
Exchange realignment	(70,983)
Interest charged during the period	126,400
Interest payable during the period	(148,074)
Carrying amounts at the end of the reporting period	4,322,811

On 13 May 2013, the Company issued senior notes with an aggregate principal amount of RMB2,500,000,000 at 100% of face value (the "RMB Senior Notes"), which are listed on The Stock Exchange of Hong Kong Limited. The RMB Senior Notes carry interest at the rate of 5.625% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to approximately RMB2,475,911,000. The RMB Senior Notes will mature on 13 May 2016.

The principal terms of RMB Senior Notes are as follows:

The RMB Senior Notes are:

- (i) general obligations of the Company;
- (ii) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the RMB Senior Notes;
- (iii) at least pari passu in right of payment with New USD Senior Notes and all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law); and
- (iv) guaranteed by certain offshore subsidiaries of the Company from time to time, on a senior basis, subject to certain limitations; and
- (v) effectively subordinated to secured obligations, including the November 2006 senior notes, of the Company, and its subsidiaries guaranteeing the RMB Senior Notes from time to time, subject to certain limitations; and
- (vi) effectively subordinated to all existing and future obligations of the subsidiaries of the Company that do not guarantee the RMB Senior Notes.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

### 19. Senior Notes (Continued)

At any time, the Company may at its option redeem the RMB Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the RMB Senior Notes plus the Applicable Premium (as defined below) as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

“Applicable Premium” means with respect to the RMB Senior Notes at any redemption date, the greater of (1) 1.00% of the principal amount of RMB Senior Notes and (2) the excess of (A) the present value at such redemption date of (i) the principal amount of RMB Senior Notes plus (ii) all required remaining scheduled interest payments due on RMB Senior Notes through the maturity date of the RMB Senior Notes (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate of 2.0% per annum, over (B) the principal amount of RMB Senior Notes on such redemption date.

At any time, the Company may redeem up to 35.0% of the aggregate principal amount of the RMB Senior Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 105.625% of the principal amount of the RMB Senior Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65.0% of the aggregate principal amount of the RMB Senior Notes on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The RMB Senior Notes contain a liability component and an early redemption option:

- (i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the period is calculated by applying an effective interest rate of approximately 5.9% per annum to the liability component since the senior notes were issued.

- (ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the early redemption option is insignificant on initial recognition and on 30 June 2013.

The movements of RMB Senior Notes during the period are set out below:

	RMB'000
Fair value at the date of issuance	2,475,911
Interest charged during the period	19,821
Interest payable during the period	(18,750)
Carrying amounts at the end of the reporting period	2,476,982

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

## 19. Senior Notes (Continued)

The summary of movements of New USD Senior Notes and RMB Senior Notes during the period is set out below:

	RMB'000
Fair value at the dates of issuance	6,891,379
Exchange realignment	(70,983)
Interest charged during the period	146,221
Interest payable during the period	(166,824)
Carrying amounts at the end of the reporting period	6,799,793

## 20. Share Capital

	Number of shares	Share capital HKD'000
<i>Issued and fully paid</i>		
Ordinary shares of HKD0.10 each		
As at 1 January 2012	1,640,022,897	164,002
Exercise of share options	675,500	68
Issuance of new shares	327,849,579	32,785
As at 30 June 2012	1,968,547,976	196,855
As at 1 January 2013	2,143,175,190	214,317
Exercise of share options	11,463,500	1,146
As at 30 June 2013	2,154,638,690	215,463
<b>RMB'000</b>		
Shown on the condensed consolidated statement of financial position		
As at 31 December 2012		207,422
As at 30 June 2013		208,349

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

**21. Fair Value Measurements of Financial Instruments****Fair value of the Group's financial liabilities that are measured at fair value on a recurring basis**

Some of the Group's financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	As at 30 June 2013 Level 2 RMB'000	As at 31 December 2012 Level 2 RMB'000
<b>Financial liabilities</b>		
Cross currency swaps	32,950	N/A

The fair value of cross currency swaps is based on broker quotes. The quotes are calculated by discounting estimated future cash flows based on contracted interest rates discounted at respective currency's observable yield curves at the end of the reporting period.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

## 21. Fair Value Measurements of Financial Instruments (Continued)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values:

	As at 30 June 2013		As at 31 December 2012	
	Carrying amount of liability component RMB'000	Fair value RMB'000	Carrying amount of liability component RMB'000	Fair value RMB'000
<b>Financial liabilities</b>				
Senior notes due 2013	237,324	239,221 <sup>1</sup>	241,327	248,200 <sup>1</sup>
Senior notes due 2016 and 2018	6,799,793	6,693,427 <sup>1</sup>	N/A	N/A

<sup>1</sup> Based on quoted price

## 22. Share-Based Payment Transactions

The Company has a share option scheme for eligible employees of the Group. Details of the share options outstanding during the current period are as follows:

	Number of share options	Weighted average exercise price HKD
Outstanding as at 1 January 2013	75,557,000	8.82
Exercised during the period	(11,463,500)	7.22
Outstanding as at 30 June 2013	64,093,500	9.11

In the current period, no share options were granted.

In respect of the share options exercised during the period, the weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HKD15.36 (for the six months ended 30 June 2012: HKD6.54).

At each reporting date, the Group revises its estimates of the number of share options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit and loss, with a corresponding adjustment to the share options reserve.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

**23. Acquisition of Subsidiaries**

Particulars of the subsidiaries acquired during the six months ended 30 June 2013 were as follows:

Acquired company	Principal activities	Acquisition date	Effective equity interest acquired	Consideration RMB'000
浙江文瀾文化發展有限公司 Zhejiang Wenlan Culture Development Co., Ltd. (Note (i))	Production and consulting of literary products	5 March 2013	52.85%	2,400
海南中油深海養殖科技開發有限公司 Hainan Zhongyou Deep Sea Cultivation Technology Development Co., Ltd. (Note (ii))	Real estate development	15 January 2013	51%	104,090

Notes: (i) Hangzhou Golden Horse Real Estate Development Co., Ltd., a 51% owned subsidiary of the Company, and Hangzhou Greentown Haiqi Real Estate Development Co., Ltd., a wholly-owned subsidiary of the Company, each acquired 35% equity interest of Zhejiang Wenlan Culture Development Co., Ltd ("Zhejiang Wenlan").

(ii) Hainan Greentown Gaodi Investment Co., Ltd, a 51% owned subsidiary of the Company, acquired 100% equity interest of Hainan Zhongyou Deep Sea Cultivation Technology Development Co., Ltd ("Hainan Zhongyou").

Particulars of the subsidiary acquired during the six months ended 30 June 2012 were as follows:

Acquired company	Principal activities	Acquisition date	Effective equity interest acquired	Consideration RMB'000
無錫綠城房地產開發有限公司 Wuxi Greentown Real Estate Development Co., Ltd. (Note)	Real estate development	11 January 2012	85%	–

Note: Wuxi Greentown Real Estate Development Co., Ltd ("Wuxi Greentown ") was previously accounted for as an associate of the Group under the Zhonghai Trust (as defined in the 2012 financial statements) arrangement. During the period ended 30 June 2012, upon the maturity of the Zhonghai Trust, Wuxi Greentown became a subsidiary of the Company. The entire equity interest in Wuxi Greentown was subsequently disposed of to an associate of the Group on 1 July 2012.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

## 23. Acquisition of Subsidiaries (Continued)

A summary of the effects of acquisition of these subsidiaries is as follows:

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Net assets acquired:		
Property, plant and equipment	22	1,936
Rental paid in advance	429	–
Properties for development	149,571	–
Properties under development	–	943,617
Completed properties for sale	–	270,678
Trade and other receivables, deposits and prepayments	501	51,419
Amounts due from related parties	2,165	282,219
Prepaid income taxes	–	23,504
Prepaid other taxes	–	18,239
Bank balances and cash	47	62,727
Trade and other payables	–	(121,490)
Pre-sale deposits	–	(400,476)
Amounts due to related parties	(45,911)	(235,802)
Income taxes payable	(21)	(33,159)
Other taxes payable	–	(13)
Bank and other borrowings	–	(603,650)
	<b>106,803</b>	259,749
Goodwill	501	–
Non-controlling interests	(814)	(38,962)
	<b>106,490</b>	220,787
Less:		
Transferred from interests previously held and classified as an associate (note)	–	(220,787)
	<b>106,490</b>	–

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

**23. Acquisition of Subsidiaries (Continued)**

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Total consideration, satisfied by:		
Cash	6,490	–
Consideration payable	100,000	–
	<b>106,490</b>	–
Net cash inflow (outflow) arising on acquisition:		
Cash paid	(6,490)	–
Bank balances and cash acquired	47	62,727
	<b>(6,443)</b>	62,727

Note: The Group's 85% equity interest in Wuxi Greentown, which was previously accounted for as an associate, was remeasured to its fair value upon the maturity of the Zhonghai Trust, resulting in a gain of RMB49,980,000 for the six months ended 30 June 2012.

The acquisition of Hainan Zhongyou has been accounted for as acquisition of assets and liabilities. The acquisition of Zhejiang Wenlan has been accounted for using the acquisition method. The assets and liabilities on acquisition of Zhejiang Wenlan were not material, and the effect of the acquisitions of Hainan Zhongyou and Zhejiang Wenlan was presented together.

The receivables from Zhejiang Wenlan acquired (which principally comprised amounts due from related parties) with a fair value of RMB2,666,000 at the date of acquisition had gross contractual amounts of RMB2,666,000, which were expected to be fully collected.

The non-controlling interest in Zhejiang Wenlan recognised at the acquisition date was measured by reference to the proportionate share of the recognised amounts of net assets of Zhejiang Wenlan and amounted to RMB814,000. The goodwill arising from the acquisition of Zhejiang Wenlan was subsequently written off in the current period.

Zhejiang Wenlan did not contribute any revenue and profit or loss to the Group between the date of acquisition and the end of the period.

Had the acquisition of Zhejiang Wenlan been effected at 1 January 2013, the effect on the Group's revenue and profit for the six months period ended 30 June 2013 would have been insignificant.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

## 24. Commitments

	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
Commitments contracted for but not provided in the condensed consolidated financial statements in respect of:		
Properties for development and properties under development	<b>12,787,747</b>	15,079,597
Construction in progress	<b>214,722</b>	196,766
	<b>13,002,469</b>	15,276,363

In addition to the above, the Group's share of the commitments of its joint ventures is as follows:

	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
Contracted for but not provided in respect of properties for development and properties under development	<b>2,030,752</b>	2,283,607

## 25. Pledge of Assets

At the end of the period, the following assets were pledged to banks and other parties to secure credit facilities granted to the Group:

	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
Land and buildings	<b>28,317</b>	32,807
Hotel buildings	<b>1,697,163</b>	1,964,841
Construction in progress	<b>379,118</b>	262,565
Prepaid lease payment	<b>479,235</b>	229,419
Properties for development	<b>321,573</b>	261,497
Properties under development	<b>13,893,119</b>	17,540,720
Completed properties for sale	<b>754,893</b>	900,363
Investment properties	<b>1,700,000</b>	1,700,000
Pledged bank deposits	<b>982,207</b>	1,734,337
Interests in associates	<b>4,859</b>	177,232
Interests in joint ventures	<b>164,191</b>	44,552
	<b>20,404,675</b>	24,848,333

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

**26. Contingent Liabilities****(i) Guarantees**

The Group provided guarantees of RMB17,731,110,000 as at 30 June 2013 (as at 31 December 2012: RMB17,144,296,000) to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

The Group also provided guarantees to banks in respect of credit facilities utilised by the following companies:

	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
Associates	6,593,085	3,821,076
Joint ventures	847,075	4,230,736
Independent third parties	250,000	200,000
	<b>7,690,160</b>	8,251,812

Contingent liabilities arising from interests in associates at the end of the period:

	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
Share of mortgage loan guarantees provided by associates to banks in favour of its customers	5,402,946	3,773,850

Contingent liabilities arising from interests in joint ventures at the end of the period:

	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
Share of mortgage loan guarantees provided by joint ventures to banks in favour of its customers	1,468,696	1,333,389

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

## 26. Contingent Liabilities (Continued)

### (ii) Litigation against Zhejiang Fosun Commerce Development Limited (“Zhejiang Fosun”)

On 29 December 2011, Zhejiang Jiahe Industrial Co., Ltd. (“Greentown Jiahe”), a wholly-owned subsidiary of the Company, Shanghai Zendai Land Company Limited (“Shanghai Zendai Land”), a wholly-owned subsidiary of Shanghai Zendai Property Limited, a company listed on the Stock Exchange and an independent third party, and Shanghai Chang Ye Investment Management Consulting Co., Ltd (“Shanghai Chang Ye”), a wholly-owned subsidiary of SOHO China Limited, a company listed on the Stock Exchange and an independent third party, entered into an agreement pursuant to which Shanghai Chang Ye had conditionally agreed to acquire, and (i) Greentown Jiahe had conditionally agreed to sell its 100% equity interest in Hangzhou Greentown Hesheng Investment Company (“Greentown Hesheng”) and its loan granted to Greentown Hesheng; and (ii) Shanghai Zendai Land had conditionally agreed to sell its 100% equity interest in Shanghai Zendai Wudaokou Property Company Limited (“Shanghai Zendai Wudaokou”) and its loan granted to Shanghai Zendai Wudaokou. Pursuant to a supplementary agreement dated 9 January 2012, the relevant parties agreed that Shanghai Chang Sheng Investment Management Consulting Co., Ltd (“Shanghai Chang Sheng”) should assume all rights, obligations and liabilities of Shanghai Chang Ye under the equity transfers and loan assignments. Greentown Hesheng and Shanghai Zendai Wudaokou owned 10% and 40% equity interests respectively in Shanghai Haizhimen Property Management Co., Ltd. (“Shanghai Haizhimen”), while Zhejiang Fosun, a wholly-owned subsidiary of Fosun International Limited, a company listed on the Stock Exchange, owned the remaining 50% equity interest in Shanghai Haizhimen. Shanghai Haizhimen indirectly owns 100% interest in a land parcel in Shanghai. The disposal of the 100% equity interest in Greentown Hesheng resulted in a gain of RMB115,330,000 to the Group in 2012.

On 30 May 2012, Zhejiang Fosun filed a civil suit to Shanghai No. 1 Intermediate People’s Court (the “Court”) and received a notification of acceptance from the Court, pursuant to which Zhejiang Fosun had initiated a civil action against the relevant parties to protect its pre-emptive rights in the above-mentioned indirect transfers of equity interests in Shanghai Haizhimen by asking for the transactions to be invalidated.

On 4 June 2012, the Group was served with a document of summons issued by the Court in relation to the civil action, pursuant to which Greentown Jiahe, among others, was named as a defendant.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six months ended 30 June 2013

**26. Contingent Liabilities (Continued)****(ii) Litigation against Zhejiang Fosun Commerce Development Limited (“Zhejiang Fosun”) (Continued)**

On 29 November 2012, a preliminary trial was held at the Court. On 24 April 2013, the Court issued its judgment (the “Judgment”), granting orders for (among other things):

1. the invalidation of the agreement to transfer 100% equity interests in Shanghai Zendai Wudaokou and Greentown Hesheng respectively from Shanghai Zendai Land and Greentown Jiahe to Shanghai Chang Ye as stipulated under the agreement dated 29 December 2011;
2. the invalidation of the equity transfer agreement in relation to the transfer of 100% equity interests in Shanghai Zendai Wudaokou by Shanghai Zendai Land to Shanghai Chang Sheng (“Shanghai Zendai Wudaokou Transfer”) dated 29 December 2011;
3. the invalidation of the equity transfer agreement in relation to the transfer of 100% equity interests in Greentown Hesheng by Greentown Jiahe to Shanghai Chang Sheng (“Greentown Hesheng Transfer”) dated 12 January 2012; and
4. the restatement of the ownership of Shanghai Zendai Wudaokou and Greentown Hesheng back to the state before the Shanghai Zendai Wudaokou Transfer and Greentown Hesheng Transfer, respectively.

The Group has reviewed the Judgment. SOHO China Limited had made an appeal to the Higher People’s Court of Shanghai in relation to the Judgment.

Having consulted with its legal advisers, the Group believes the Judgment cannot be enforced and will not become effective pending the results of the appeal. The Group considers that the Judgment does not have any material adverse effect on the operation or financial position of the Group.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

## 26. Contingent Liabilities (Continued)

### (iii) Litigation against Ms Zhao Xingru (“Ms Zhao”)

On 26 and 27 July 2010, Greentown Real Estate Group Co., Ltd. (“Greentown Real Estate”), a wholly owned subsidiary of the Company, entered into a cooperation agreement and a supplementary agreement (collectively the “Cooperation Agreements”) with Ms Zhao and Mr Zhou Dingwen (“Mr Zhou”), pursuant to which Greentown Real Estate acquired 60% of equity interest in Xinjiang Hongyuan Investment Co., Ltd. (“Xinjiang Hongyuan”) at a consideration of RMB25,500,000. The acquisition was completed on 29 July 2010. The acquisition was accounted for as an acquisition of assets and liabilities.

On 5 September 2011, the Group conditionally disposed of its entire 60% equity interest in Xinjiang Hongyuan to Shanghai Jiechen Investment Consulting Service Co., Ltd. (“Jiechen”) and commissioned Jiechen to manage such interest. Pursuant to a termination agreement dated 11 June 2012, the agreement dated 5 September 2011 in respect of the conditional disposal by the Group and the entrusting management of the Group’s entire 60% equity interest in Xinjiang Hongyuan to Jiechen was terminated.

On 5 November 2012, Ms Zhao filed a civil suit to Xinjiang Uygur Autonomous Region Urumqi Intermediate People’s Court (the “Urumqi Court”) and received a notification of acceptance from the Urumqi Court, pursuant to which Ms Zhao claimed, among other things, the above-mentioned disposal of equity interest in Xinjiang Hongyuan to Jiechen had injured her shareholder’s rights and thus requested (i) that the Cooperative Agreements be revoked; (ii) Greentown Real Estate to pay Ms Zhao damages of RMB11,000,000; and (iii) Greentown Real Estate to bear the litigation costs.

On 14 May 2013, a preliminary trial was held at the Urumqi Court, the Group and Ms Zhao were not able to reach a settlement through mediation. As of the reporting date, the Group has not yet received any judgement from the Urumqi Court.

Having consulted with its legal advisors, the Group believes that (i) Ms Zhao’s claim for damages is not well-founded; and (ii) regardless of the legal status of the Cooperative Agreements or the impact (if any) of any civil action in relation thereto, there will be no material impact on the Group’s interests in Xinjiang Hongyuan. The Group considers that such civil action will not have any material adverse effect on the operation or financial position of the Group as a whole.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

**27. Related Party Disclosures**

- (i) **During the six months ended 30 June 2013, in addition to those disclosed elsewhere in the condensed consolidated financial statements, the Group had the following significant transactions with related parties:**

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Sales of properties to a non-controlling shareholder	98,191	–
Sales of materials to joint ventures and associates (note)	21,818	40,242
Construction service income from joint ventures and associates (note)	1,693	2,141
Construction service income from non-controlling shareholders	235	–
Construction fees paid/payable to associates (note)	–	2,150
Construction consulting service income from joint ventures and associates (note)	2,170	19,250
Construction consulting service income from Shareholders' Companies	676	–
Real estate service income from non-controlling shareholders	–	223
Rental expenses paid/payable to:		
– shareholders' companies	3,760	4,264
– non-controlling shareholders	500	500
Purchases from Shareholders' Companies (note)	4,165	5,865
Property management fees paid/payable to Shareholders' Companies	29,291	24,363
Interest income arising from amounts due from:		
– associates (note)	262,135	277,581
– joint ventures (note)	41,129	44,045
– non-controlling shareholders	7,445	5,130
Interest expense arising from amounts due to:		
– associates (note)	35,687	143,384
– joint ventures (note)	17,369	27,097
– non-controlling shareholders	17,549	503,680
Advertising expenses paid/payable to Shareholders' Companies	35,000	20,000
Interior decoration service fees paid to associates (note)	8,224	–
Interior decoration service income from joint ventures and associates (note)	116,753	27,146
Interior decoration service income from Shareholders' Companies	3,363	–

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

## 27. Related Party Disclosures (Continued)

- (i) During the six months ended 30 June 2013, in addition to those disclosed elsewhere in the condensed consolidated financial statements, the Group had the following significant transactions with related parties: (Continued)

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Sales Commission paid to Shareholders' Companies	1,691	–
Hotel management fees paid/payable to Shareholders' Companies	4,766	3,618
Hotel service income from joint ventures and associates (note)	883	207
Hotel service income from Shareholders' Companies	474	252
Hotel service income from non-controlling shareholders	161	–
Health management service fee to Shareholders' Companies	460	642
Healthcare service fee to Shareholders' Companies	51	733
Educational service fee to Shareholders' Companies	–	68
Marketing service income from joint ventures and associates (note)	1,051	–
Advertising income from joint ventures and associates (note)	2,298	–
Landscape construction fee to associates (note)	34,290	–
Other service fees to Shareholders' Companies	2,091	2,249

Note: Purchases from Shareholders' Companies represent raw materials purchased for use by construction contractors, the costs of which are included in the overall construction contracts. The transactions with joint ventures and associates are presented gross before elimination of unrealised profits or losses attributable to the Group.

Mr SONG Weiping, Mr SHOU Bainian and Ms XIA Yibo are each a "Shareholder", and collectively the "Shareholders", of the Company. Shareholders' Companies represent companies owned by the Shareholders and affiliates.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

**27. Related Party Disclosures (Continued)****(ii) During the six months ended 30 June 2013, the Group made the following acquisitions from and disposal to related parties:**

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Acquisition of an associate from a shareholders' company	20,000	–
Acquisition of an associate from a non-controlling shareholder	160,520	–
Disposal of partial interests in a subsidiary to a non-controlling shareholder	22,500	–

**(iii) Compensation of key management personnel**

The remuneration of directors and other members of key management during the six months ended 30 June 2013 was as follows:

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Short-term benefits	7,024	9,812
Post-employment benefits	152	119
Equity-settled share-based payments	–	1,203
	<b>7,176</b>	11,134

## DEFINITION

In this interim report, unless the context otherwise requires, the following expressions have the following meanings:

Board	The Board of Directors of the Company
Company/Greentown	Greentown China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 03900)
Convertible Securities	The Hong Kong dollar denominated perpetual subordinated convertible callable securities issued by Active Way Development Limited (being a wholly-owned subsidiary of the Company) with an aggregate principal amount of HK\$2,550 million
GFA	Gross floor area
Greentown Construction Management	Greentown Property Construction Management Company Ltd* (綠城房產建設管理有限公司)
Greentown Group	Greentown China Holdings Limited and its subsidiaries together with its joint ventures and associates
Group	Greentown China Holdings Limited and its subsidiaries
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
PRC/China	The People's Republic of China
Reporting Period	The six months ended 30 June 2013
SFO	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
Share Option Scheme	The share option scheme adopted by a resolution of the shareholders of the Company on 22 June 2006
Share(s)	Ordinary share(s) of HK\$0.10 each in the share capital of the Company
sqm	Square metres
Stock Exchange/HKEx	The Stock Exchange of Hong Kong Limited
Sunac	Sunac China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 01918)
Sunac Zhidi	天津融創置地有限公司 (Tianjin Sunac Zhidi Co, Ltd.*), a company established under the laws of the PRC, which is a wholly-owned subsidiary of Sunac
Wharf	The Wharf (Holdings) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00004)
Wharf Group	Wharf and its subsidiaries

\* For identification purposes only



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